HEALTH SERVICES AND DEVELOPMENT AGENCY MEETING
NOVEMBER 14, 2012
APPLICATION SUMMARY

NAME OF PROJECT:	Campbell Clinic Surgery Center
PROJECT NUMBER:	CN1208-040
ADDRESS:	1410 Brierbrook Road Germantown, (Shelby County), TN 38138
LEGAL OWNER:	Campbell Clinic Surgery Center, LLC 1410 Brierbrook Road Germantown, (Shelby County), TN 38138
OPERATING ENTITY:	NA
CONTACT PERSON:	John Wellborn (615) 665-2022
DATE FILED:	August 14, 2012
PROJECT COST:	$13,277,258
FINANCING:	Commercial Loan
PURPOSE OF REVIEW:	Expansion of existing ambulatory surgical treatment center (ASTC) having a project cost in excess of $2 million.

DESCRIPTION:

Campbell Clinic Surgery Center (CCSC) seeks approval for the expansion of the existing ASTC limited to orthopedics and pain management from four (4) operating rooms, used for orthopedic cases, and one (1) procedure room, used for pain management cases to eight (8) operating rooms for orthopedic cases and two (2) procedure rooms for pain management cases. Two of the operating rooms will initially be shelled-in. The surgery center will remain as having a closed medical staff, limited to the surgeons of Campbell Clinic, PC.

Service Specific Criteria and Standard Review

AMBULATORY SURGICAL TREATMENT CENTER

1. **The need for an ambulatory surgical treatment center shall be based upon the following assumptions:**
   a. **An operating room is available 250 days per year, 8 hours per day.**

      The applicant's operating rooms will be available at least 250 days per year, eight hours per day.

   b. **The average time per outpatient surgery case is 60 minutes.**

      The applicant anticipates that its orthopedic cases will require an average of 115 minutes for surgery while pain management cases will require an average of 20 minutes.

   c. **The average time for clean up and preparation between outpatient surgery cases is 30 minutes.**

      The applicant's clean up and preparation time will on average require 15 minutes for orthopedic cases and 5 minutes for pain management cases.

   d. **The capacity of a dedicated, outpatient, general-purpose operating room is 80% of full capacity. That equates to 800 cases per year.**

      According to the 2011 Joint Annual Report (JAR) for ASTCs the Campbell Clinic Surgery Center performed 3,088 orthopedic cases in the four operating rooms or 772 cases per operating room and 3,920 pain management cases in the procedure room. The applicant projects by the second year after project completion it will perform 3,933 orthopedic cases in 6 operating rooms or 656 cases per operating room and 5,899 pain management cases or 2,950 cases per procedure room. It appears that the application will not meet the criterion for operating rooms but will meet the criterion for the procedure rooms.

Note: The applicant notes that orthopedic cases on average will take 130 minutes including clean-up and preparation time rather than the 90 minutes used for this utilization standard. The applicant expects to meet the criterion by the sixth year of operation and expects to open the two shelled operating rooms in the seventh year of operation.

e. **Unstaffed operating rooms are considered available for ambulatory surgery and are to be included in the inventory and in the measure of capacity**

According to the 2011 JAR for ASTCs there were 44 operating rooms and 10 procedure rooms utilized in ASTCS that performed orthopedic and/or pain management cases. There were no unstaffed operating rooms reported.

It appears that the application will meet this criterion.

2. **"Service Area" shall mean the county or counties represented by the applicant as the reasonable area to which the facility intends to provide services and/or in which the majority of its service recipients reside.**

The five counties in the applicant's service area account for 78.2% of CCSC's surgical patients.

It appears that this application meets the criterion.

3. **The majority of the population of a service area for an ambulatory surgical treatment center should reside within 30 minutes travel time to the facility.**

The applicant states that over 73% of its service area population resides in Shelby County and four of five major communities are within 30 minute travel time of the facility.

It appears that this application meets the criterion.

4. **All applicants should demonstrate the ability to perform a minimum of 800 operations and/or procedures per year per operating room and/or procedure room. This assumes 250 days x 4 surgeries/procedures x .80.**

   According to the 2011 Joint Annual Report (JAR) for ASTCs the Campbell Clinic Surgery Center performed 3,088 orthopedic cases in the four operating rooms or 772 cases per operating room and 3,920 pain management cases in the procedure room. The applicant projects by the second year after project completion it will perform 3,933 orthopedic cases in 6 operating rooms or 656 cases per operating room and 5,899 pain management cases or 2,950 cases per procedure room. It appears that the application will not meet the criterion for operating rooms but will meet the criterion for the procedure rooms.

   Note: The applicant notes that orthopedic cases on average will take 130 minutes including clean-up and preparation time rather than the 90 minutes used in this utilization standard. The applicant expects to meet the criterion by the sixth year of operation and expects to open the two shelled operating rooms in the seventh year of operation.

5. **A certificate of need (CON) proposal to establish a new ambulatory surgical treatment center or to expand the existing services of an ambulatory surgical treatment center shall not be approved unless the existing ambulatory surgical services within the applicant's service area or within the applicant's facility are demonstrated to be currently utilized at 80% of service capacity. Notwithstanding the 80% need standard, the Health Services and Development Agency may consider proposals for additional facilities or expanded services within an existing facility under the following conditions: proposals for facilities offering limited-specialty type programs or proposals for facilities where accessibility to surgical services is limited.**

   There are eleven ASTCs in the service area that provide orthopedic and/or pain management services. Overall, these ATCS performed an average of 895 cases per operating/procedure room in 2011; however individually only five of the eleven ASTCs met the 80% standard in 2011.

It appears that this application meets the criterion when looking at the service area ASTCs as a group but does not meet the criterion when looking at the ASTCs individually.

6. **A CON proposal to establish an ambulatory surgical treatment center or to expand existing services of an ambulatory surgical treatment center must specify the number of projected surgical operating rooms to be designated for ambulatory surgical services.**

After completion of the proposed project the applicant plans to have eight (8) operating rooms and two (2) procedure rooms with two of the rooms being shelled in initially.

It appears that this application meets the criterion.

7. **A CON proposal to establish an ambulatory surgical treatment center or to expand existing services of an ambulatory surgical treatment center must project patient utilization for each of the first eight quarters following completion of the proposed project. All assumptions, including the specific methodology by which utilization is projected, must be clearly stated.**

The applicant provides projected utilization for the first eight quarters after project completion on page 23 of the original application. Over the last three years the applicant surgical volume has increased at a rate of 6% annually. The applicant forecasts larger annual increases initially after project completion (Years 2013-2015) due to major additions to the surgical staff and the availability of more operating rooms and procedure rooms. From 2016 and beyond the applicant expects to return to the recent historical growth rate of 6%.

It appears that this application meets the criterion.

8. **A CON proposal to establish an ambulatory surgical treatment center or to expand the existing services of an ambulatory surgical treatment center must project patient origin by percentage and county of residence. All assumptions, including the specific methodology by which utilization is projected, must be clearly stated.**

The applicant's projected patient origin is based on the applicant facility's historical patient origin whereby 78% of its patients reside in the five county service area of Shelby, Tipton, and Fayette Counties in Tennessee; DeSoto County in Mississippi, and Crittenden County in Arkansas.

It appears that this application meets the criterion.

SUMMARY:

CCSC first opened in May 2002. It is currently a 12,232 gross square foot facility. The proposed project will include 6,784 SF of renovation and 20,936 SF of new construction so that the ASTC will contain 33,168 GSF after project completion. The applicant states that the operating rooms will be sized to orthopaedic floor space requirements (400 SF) and the procedure room will be 200 SF. The applicant states there is a 5-acre tract of land adjacent to the site of the ASTC on which the ASTC will expand. In addition to the 4 additional operating rooms and 1 procedure room the expansion will include 3 additional nursing stations, 12 pre-operative stations, 25 post-operative Stage 1 Recovery stations, 6 post-operative Stage 2 Recovery Stations, and one physician consulting room.

The applicant, Campbell Clinic Surgery Center, LLC is wholly owned by Campbell Clinic, P.C. The practice is owned by 42 physician members, none of whom owns 5% or more of the professional corporation. The applicant states that the Campbell Clinic has been a national and State leader in Orthopedics since 1910. It established both the Department of Orthopaedic Surgery and the Orthopaedic Residency program at UT School of Medicine at Memphis and all Clinic surgeons hold faculty appointments in the University of Tennessee-Campbell Clinic Department of Orthopaedic Surgery and work closely with UT research programs. CCSC, LLC leases the surgery center space form Campbell Clinic for an annual lease payment of $1,028,208.

The applicant cites three major reasons for the need to expand surgical capacity:

1) Current Utilization and Design Issues in the Facility-The applicant notes that the current volume at the facility is two to four times the 80% utilization standard in the ASTC criteria and standards resulting in the current operating and procedure rooms operating overtime on most weekdays. The applicant states that the facility is deficient in parking, assessment room, pre-op and post-op rooms, insufficient Phase II recovery stations, and staff area.

2) Historic and Projected Utilization of the Campbell Clinic-The applicant states that surgery center volume has increased at a rate of 10% annually over the past 7 years. The applicant notes that the annual rate of growth has declined to 6% due to several surgeons retiring or relocating. The applicant has 42 active surgeons and physiatrists on its staff and is recruiting additional physicians over the next two years. Even with the expansion the applicant projects surgical volume will exceed the State 80% standard by 54% in the second year of the expanded operation. By Year 6 of the expanded surgery center the applicant expects that the operating/procedure rooms will utilize approximately 86% of available minutes at which time the two shelled operating rooms will open.
3) Areawide Need for the Project-The applicant points out that the existing 11 ASTCs that perform orthopedic and/or pain management procedures have increased procedures by 20.7% in Years 2009-2011 and that as a group these ASTCs reported total cases that were 12% above the State 80% utilization guideline for ASTCs.

For more details on these reasons see pages 16-20 of the original application.

The applicant indicates its primary service area will be Fayette, Shelby, and Tipton Counties in Tennessee; DeSoto County in Mississippi; and Crittenden County in Arkansas. The applicant reports that the population of the primary service area is estimated to be 1,274,388 in 2012 and is expected to increase by 4.2% to 1,328,036 by 2016. The age 65+ proportion of the service area population in 2012 is 136,853 (10.7% of the total population) and is projected to grow by 13.4% to 155,007 in 2016 (11.7% of the total population). Service area residents (Tennessee portion) enrolled in TennCare in March 2012 equal 23.5% of the population, according to the Bureau of TennCare. The statewide proportion of the population enrolled in TennCare is 19.0%

Based on the Joint Annual Reports submitted to the Department of Health, there are eleven ASTCs operating in the service area that provide orthopedic and pain management surgery. All eleven ASTCS are in Shelby County. The applicant reports that there is one ASTC in DeSoto County, MS but that limited utilization data was available. Their utilization trends are displayed in the table below:

Shelby County ASTC (those performing orthopedic and/or pain management cases) Utilization Trends, 2009-2011

ASTC	2011 Total ORs/PRs	2009 Total Cases	2010 Total Cases	2011 Total Cases	'09-'11 % Change	2011 Ortho. Cases	2011 Pain Mngt. Cases	2011 Ortho/Pain Mngt. as a % total	2011 % of ASTC 80% case standard
Baptist Germantown	5	3,203	3,768	3,515	+9.7%	799	592	39.6%	87.9%
Campbell Clinic	5	6,506	6,619	7,008	+7.7%	3,088	3,920	100.0%	175.2%
East Memphis	8	5,987	6,013	5,987	0.0%	768	892	27.7%	93.5%
LeBonheur East	4	3,218	3,579	3,256	+1.2%	28	0	0.9%	101.8%
Mays & Schnapp	2	5,140	4,976	5,466	+6.3%	0	5,466	100.0%	341.6%
Memphis Surg. Cntr.	5	1,852	3,385	2,698	+45.7%	211	5	8.0%	67.5%
Methodist Germantown	5	6,387	6,208	5,988	-6.2%	1,390	1,549	49.1%	149.7%
Midtown	4	1,828	1,911	1,705	-6.7%	999	279	75.0%	53.3%
North	5	3,242	3,121	3,285	+1.3%	1,003	1,130	64.9%	82.1%
Semmes-Murphey	5	3,027	3,081	3,904	+29.0%	0	2,904	74.4%	97.6%
St. Francis	6	5,596	5,803	5,498	-1.8%	1,692	1,145	51.6%	114.5%
TOTAL	**54**	**45,986**	**48,464**	**48,310**	**+5.1%**	**9,978**	**17,882**	**57.7%**	**111.8%**

Source: 2009-2011 ASTC JARs and CN1208-040

The utilization trends in these eleven facilities have varied between 2009 and 2011. Overall surgical cases in these facilities grew 5.1% in this time period. Individually the range of growth during this time period is a 45.7% increase at Memphis Surgery Center to a 6.7% decline at Midtown Surgery Center. Orthopedic and pain management cases accounted for almost 58% of total cases in these facilities. Overall these eleven facilities operated at 111.8% of the ASTC capacity guideline of 80% or 800 cases per operating room/procedure room. Individually only five ASTCs met the capacity standard in 2011.

Utilization trends for outpatient surgery in service area hospitals are displayed below. Hospital JARs do not report surgeries by specialty so that orthopedic and pain management utilization cannot be calculated.

Service Area Hospital Outpatient Surgery Utilization Trends, 2009-2011

Hospital	2009 Outpatient Encounters	2010 Outpatient Encounters	2011 Outpatient Encounters	'09-'11 % Change
Methodist-Fayette	517	459	441	-14.7%
Baptist	6,200	5,594	5,351	-13.7%
Baptist-Collierville	1,751	1,731	1,757	0.3%
Baptist-Womens	1,880	1,725	1,866	-0.7%
Delta Medical Cntr.	1,912	1,778	1,410	-26.3%
Methodist-Germantown	5,194	5,387	5,481	5.5%
Methodist-LeBonheur	5,424	4,762	3,591	-33.8%
Methodist-North	860	991	871	1.3%
Methodist-South	1,224	1,245	1,103	-9.9%
Methodist-University	3,334	3,476	3,532	5.9%
The MED	830	830	1,418	70.8%
St. Francis	5,541	5,644	5,585	0.8%
St. Francis-Bartlett	2,107	2,136	2,670	26.7%
St. Jude	1,123	1,214	2,834	152.4%
Baptist-Tipton	1,251	1,134	963	-23.0%
TOTAL	**39,148**	**38,106**	**38,873**	**-0.7%**

Source: 2009-2011 Hospital JARs

There are 15 hospitals in the Tennessee side of the service area that perform outpatient surgeries. Overall outpatient encounters at these facilities have remained fairly constant between 2009 and 2011 performing 39,148 outpatient encounters in 2009 and declining slightly (-0.7%) to 38,873 outpatient encounters in 2011. Of the fifteen hospitals seven experienced some decline while the other eight experienced some

increase in outpatient surgical volume. In 2011 outpatient surgeries accounted for 49.3% of all surgeries performed in service area hospitals.

CCSC performed 7,008 cases in 2011 and 15,127 procedures or 2.2 procedures per case. The cases were split between 3,088 orthopedic cases in 4 operating rooms or 772 cases per operating room and 3,920 pain management cases in one procedure room. The applicant also reports that the 3,088 orthopedic cases generated 10,589 procedures or 3.4 procedures per case and the 3,920 pain management cases generated 4,538 procedures or 1.2 procedures per case. By the second year of operation after the expansion (2015) the applicant expects to perform 9,832 cases and 20,647 procedures or 2.1 procedures per case. The applicant projects that 3,933 cases will be orthopedic in six operating rooms or 656 cases per operating room and 5,899 cases will be pain management in two procedure rooms or 2,950 cases per procedure room. By 2019, the sixth year of operation after the expansion, the applicant expects to perform 12,413 cases and 26,067 procedures or 2.1 procedures per case. The applicant projects that 4,965 cases will be orthopedic in six operating rooms or 828 cases per operating room and 7,448 cases will be pain management in two procedure rooms or 3,744 cases per procedure room. After the sixth year the applicant expects to open the two shelled operating rooms. The first few years after expansion the applicant expects annual volume growth ranging between 6.5% and 10.4%. From 2016 forward the applicant expects an annual 6% growth in volume, which is more in line with recent historical growth. The applicant attributes the projected larger growth in the earlier years to the additional operating rooms being available and the recruitment of several new physicians.

The Projected Data Chart projects a gross charge per case of $6,372 in Year 2014 increasing to $6,398 in Year 2015. Net operating income less capital expenditures (NOI) of ($4,051,262) is projected, an amount equal to approximately 6.9% of gross operating revenue during the first year of operation. NOI is expected to be similar in the second year of operation.

The applicant's Historical Data Chart reports positive net operating income of $2,949,548 in Year 2009, $2,793,377 in 2010, and $2,772,658 in 2011. Gross charges per case in 2011 were $5,781. The gross charge per case for all ASTCs that performed orthopedic and/or pain management cases ranged between $2,951 and $7,851.

The applicant proposes to staff the ASTC with 51 FTEs in the second year of operation of the expanded ASTC (28 registered nurses, 9 certified technologists, and 2 radiology technologists, and 12 administrative/support staff). This will be a total increase of 18 FTEs from the ASTC's current staffing level. CCSC has 42 physicians (orthopedists and physiatrists) currently on staff and will be recruiting additional physicians over the next

two years. The applicant also has an emergency transfer agreement with Methodist LeBonheur Germantown Hospital.

The government payor mix is expected to be 8.5% TennCare (or $4,968,641) and 16.6% Medicare (or $9,703,464) based on gross operating revenue in the first year of the project. The applicant contracts with all TennCare MCOs available in the service area: BlueCare, United Healthcare Community Plan, and TennCare Select.

The total estimated project cost is $13,277,258. This cost will constitute the lease expense for CCSC, which will be leasing the building from the Campbell Clinic, P.C. The major cost items form the Campbell Clinic, P.C. are $7,480,000 (56.3%) for construction and contingency costs and moveable equipment $2,848,483 (21.5%). The facility's projected new construction cost equated to $292.61 per square foot. This falls into the range between the median and 3rd quartile of previously approved new ASTC construction between 2009 and 2011.

The project will be funded by a 100% loan between First Tennessee Bank and the lessor of the property, Campbell Clinic, P.C. The applicant provides a copy of a letter from the Senior Vice President of First Tennessee Bank, indicating First Tennessee's interest in providing a $12,700,000 construction and permanent financing loan to CCSC based on a current interest rate of 5.25% for a term of 20 years.

CCSC is currently licensed in good standing by the Department of Health, Board for Licensing Health Care Facilities and is fully accredited by the Accreditation Association for Ambulatory Healthcare (AAAHC).

The applicant has submitted the required corporate documentation, real estate agreements, and detailed demographic tables. Staff will have a copy of these documents available for member reference at the meeting. Copies are also available for review at the Health Services and Development Agency's office.

Should the Agency vote to approve this project, the CON would expire in two years.

CERTIFICATE OF NEED INFORMATION FOR THE APPLICANT:

There are no other Letters of Intent, denied or pending applications, or outstanding Certificates of Need for this applicant.

CERTIFICATE OF NEED INFORMATION FOR OTHER SERVICE AREA FACILITIES:

There are no other Letters of Intent, denied or pending applications or outstanding Certificates of Need for other Service Area entities proposing this type of ambulatory surgical treatment service.

PLEASE REFER TO THE REPORT BY THE DEPARTMENT OF HEALTH, DIVISION OF HEALTH STATISTICS, FOR A DETAILED ANALYSIS OF THE STATUTORY CRITERIA OF NEED, ECONOMIC FEASIBILITY, AND CONTRIBUTION TO THE ORDERLY DEVELOPMENT OF HEALTH CARE IN THE AREA FOR THIS PROJECT. THAT REPORT IS ATTACHED TO THIS SUMMARY IMMEDIATELY FOLLOWING THE COLOR DIVIDER PAGE.

MAF
11/2/12

LETTER OF INTENT

LETTER OF INTENT -- HEALTH SERVICES & DEVELOPMENT AGENCY

2012 AUG -7 AM 10:06

The Publication of Intent is to be published in the Commercial Appeal, which is a newspaper of general circulation in Shelby County, Tennessee, on or before August 10, 2012, for one day.

This is to provide official notice to the Health Services and Development Agency and all interested parties, in accordance with T.C.A. Sections 68-11-1601 et seq., and the Rules of the Health Services and Development Agency, that Campbell Clinic Surgery Center (an ambulatory surgical treatment center), owned and managed by Campbell Clinic Surgery Center, LLC (a limited liability company), intends to file an application for a Certificate of Need to expand its facility, from five surgical rooms (four operating rooms and one procedure room) to ten surgical rooms (eight operating rooms and two procedure rooms), on its present site at 1410 Brierbrook Road, Germantown, TN 38138, at a project cost estimated at $13,500,000. The project does not include any new major medical equipment, or any additional health services, or any change in scope from the facility's current surgical specialties. It will add approximately 21,000 square feet of space to the facility.

The facility is licensed by the Board for Licensing Health Care Facilities as an ambulatory surgical treatment center. Its services are limited to orthopaedics and pain management. No change in licensure is proposed.

The anticipated date of filing the application is on or before August 15, 2012. The contact person for the project is John Wellborn, who may be reached at Development Support Group, 4219 Hillsboro Road, Suite 203, Nashville, TN 37215; (615) 665-2022.

John L Wellborn 8-7-12 jwdsg@comcast.net

(Signature) (Date) (E-mail Address)

ORIGINAL APPLICATION

1. ***Name of Facility, Agency, or Institution***

2012 AUG 14 PM 12 05

Campbell Clinic Surgery Center
Name

1410 Brierbrook Road
Street or Route

Shelby
County

Germantown
City

TN
State

38138
Zip Code

2. ***Contact Person Available for Responses to Questions***

John Wellborn
Name

Title

Development Support Group
Company Name

jwdsg@comcast.net
Email address

4219 Hillsboro Road, Suite 203
Street or Route

Nashville
City

TN
State

37215
Zip Code

CON Consultant
Association with Owner

615-665-2022
Phone Number

615-665-2042
Fax Number

3. ***Owner of the Facility, Agency or Institution***

Campbell Clinic Surgery Center, LLC
Name

901-759-5464
Phone Number

1410 Brierbrook Road
Street or Route

Shelby
County

Germantown
City

TN
State

38138
Zip Code

4. ***Type of Ownership of Control (Check One)***

A. Sole Proprietorship		F. Government (State of TN or Political Subdivision)	
B. Partnership		G.	
C. Limited Partnership		H. Joint Venture	✔
D. Corporation (For Profit)		I. Limited Liability Company	
E. Corporation (Not-for-Profit)		Other (Specify)_____	

PUT ALL ATTACHMENTS AT THE BACK OF THE APPLICATION IN ORDER AND REFERENCE THE APPLICABLE ITEM NUMBER ON ALL ATTACHMENTS.

5. ***Name of Management/Operating Entity (If Applicable)***

NA
Name

2012 AUG 23 PM 1:03

Street or Route

County

City

State

Zip Code

PUT ALL ATTACHMENTS AT THE END OF THE APPLICATION IN ORDER AND REFERENCE THE APPLICABLE ITEM NUMBER ON ALL ATTACHMENTS.

6. ***Legal Interest in the Site of the Institution (Check One)***

A. Ownership ☐
B. Option to Purchase ☐
C. Lease of 20 Years ☑
D. Option to Lease ☐
E. Other (Specify) _____ ☐

PUT ALL ATTACHMENTS AT THE BACK OF THE APPLICATION IN ORDER AND REFERENCE THE APPLICABLE ITEM NUMBER ON ALL ATTACHMENTS.

7. ***Type of Institution (Check as appropriate--more than one response may apply)***

A. Hospital (Specify)_____ ☐
B. Ambulatory Surgical Treatment Center (ASTC), Multi-Specialty ☑
C. ASTC, Single Specialty ☐
D. Home Health Agency ☐
E. Hospice ☐
F. Mental Health Hospital ☐
G. Mental Health Residential Treatment Facility ☐
H. Mental Retardation Institutional Habilitation Facility (ICF/MR) ☐
I. Nursing Home ☐
J. Outpatient Diagnostic Center ☐
K. Recuperation Center ☐
L. Rehabilitation Facility ☐
M. Residential Hospice ☐
N. Non-Residential Methadone Facility ☐
O. Birthing Center ☐
P. Other Outpatient Facility (Specify)_____ ☐
Q. Other (Specify) _____ ☐

8. **Purpose of Review *(Check) as appropriate--more than one response may apply)***

A. New Institution ☐
B. Replacement/Existing Facility ☐
C. Modification/Existing Facility ☑
D. Initiation of Health Care Service as defined in TCA § 68-11-1607(4) (Specify)_____ ☐
E. Discontinuance of OB Services ☐
F. Acquisition of Equipment ☐
G. Change in Bed Complement [*Please note the type of change by underlining the appropriate response: Increase, Decrease, Designation, Distribution, Conversion, Relocation*] ☐
H. Change of Location ☐
I. Other (Specify)_____ ☐

9. Bed Complement Data

Please indicate current and proposed distribution and certification of facility beds.

		Current Beds Licensed	**CON*	*Staffed Beds*	*Beds Proposed*	*TOTAL Beds at Completion*
A.	Medical	NA				NA
B.	Surgical					
C.	Long-Term Care Hospital					
D.	Obstetrical					
E.	ICU/CCU					
F.	Neonatal					
G.	Pediatric					
H.	Adult Psychiatric					
I.	Geriatric Psychiatric					
J.	Child/Adolescent Psychiatric					
K.	Rehabilitation					
L.	Nursing Facility (non-Medicaid Certified)					
M.	Nursing Facility Level 1 (Medicaid only)					
N.	Nursing Facility Level 2 (Medicare only)					
O.	Nursing Facility Level 2 (dually certified Medicaid/Medicare)					
P.	ICF/MR					
Q.	Adult Chemical Dependency					
R.	Child and Adolescent Chemical Dependency					
S.	Swing Beds					
T.	Mental Health Residential Treatment					
U.	Residential Hospice					
	TOTAL	NA				NA

*CON-Beds approved but not yet in service

10. Medicare Provider Number 3288698

Certification Type ambulatory surgical treatment center

11. Medicaid Provider Number 1511834

Certification Type ambulatory surgical treatment center

12. If this is a new facility, will certification be sought for Medicare and/or Medicaid? NA

13. *Identify all TennCare Managed Care Organizations/Behavioral Health Organizations (MCOs/BHOs) operating in the proposed service area.* Will this project involve the treatment of TennCare participants? p. 4 **If the response to this item is yes, please identify all MCOs/BHOs with which the applicant has contracted *or plans to contract.***

Discuss any out-of-network relationships in place with MCOs/BHOs in the area.

A.12. IF THIS IS A NEW FACILITY, WILL CERTIFICATION BE SOUGHT FOR MEDICARE AND/OR MEDICAID?

This is an existing facility that already participates in both Medicare and TennCare/Medicaid.

A.13. IDENTIFY ALL TENNCARE MANAGED CARE ORGANIZATIONS / BEHAVIORAL HEALTH ORGANIZATIONS (MCO'S/BHO'S) OPERATING IN THE PROPOSED SERVICE AREA. WILL THIS PROJECT INVOLVE THE TREATMENT OF TENNCARE PARTICIPANTS? Yes IF THE RESPONSE TO THIS ITEM IS YES, PLEASE IDENTIFY ALL MCO'S WITH WHICH THE APPLICANT HAS CONTRACTED OR PLANS TO CONTRACT.

DISCUSS ANY OUT-OF-NETWORK RELATIONSHIPS IN PLACE WITH MCO'S/BHO'S IN THE AREA.

Table One: Contractual Relationships with Service Area MCO's	
Available TennCare MCO's	**Applicant's Relationship**
BlueCare	contracted
United Healthcare Community Plan (formerly AmeriChoice)	contracted
TennCare Select	contracted

SECTION B: PROJECT DESCRIPTION

B.I. PROVIDE A BRIEF EXECUTIVE SUMMARY OF THE PROJECT NOT TO EXCEED TWO PAGES. TOPICS TO BE INCLUDED IN THE EXECUTIVE SUMMARY ARE A BRIEF DESCRIPTION OF PROPOSED SERVICES AND EQUIPMENT, OWNERSHIP STRUCTURE, SERVICE AREA, NEED, EXISTING RESOURCES, PROJECT COST, FUNDING, FINANCIAL FEASIBILITY AND STAFFING.

Proposed Services and Equipment

• The application is to expand surgical capacity at the Campbell Clinic Surgery Center, an existing 5-room orthopaedic and pain management surgery center in Germantown (greater Memphis metropolitan area). The project will increase its capacity to 8 operating rooms (2 of them initially shelled) and 2 procedure rooms (ten in all).

• The current facility contains 12,232 GSF. The expansion will increase its total area to 33,168 GSF. The expansion will require 20,936 SF of new construction and 6,784 SF of renovation of existing areas, to create appropriate workflows and support areas and to modernize the building to the most recently adopted State codes.

• The facility will continue to be licensed as an ambulatory surgical treatment center limited to orthopaedic and pain management procedures. It will continue to have a closed medical staff, limited to surgeons of the Campbell Clinic, PC.

Ownership Structure

• The ASTC licensee and CON applicant is Campbell Clinic Surgery Center, LLC, which is wholly owned by the Campbell Clinic, PC. The Clinic has been a national and State leader in orthopaedics since1910. It established both the Department of Orthopaedic Surgery and the Orthopaedic Residency program at UT School of Medicine at Memphis, and all Clinic surgeons hold faculty appointments in the University of Tennessee-Campbell Clinic Department of Orthopaedic Surgery and work closely with UT research programs. The Clinic owns the land and building occupied by the applicant LLC, and leases them to the applicant LLC. The Campbell Clinic, PC (the practice, not the applicant) currently is owned by 42 physician members, none of whom owns 5% or more of that professional corporation.

Service Area

• The Campbell Clinic Surgery Center ("CCSC") is a private practice facility restricted to patients of the Campbell Clinic, so the two organizations have identical service areas. In CY2011, the CCSC served patients from more than a hundred counties in Tennessee, Mississippi, Arkansas, and other States. Its primary service area in CY2011 consisted of Shelby, Tipton, and Fayette Counties in Tennessee; DeSoto County in adjoining Mississippi; and Crittenden County in adjoining Arkansas. No other counties contributed 2% or more of total referrals. These five counties together contributed 78.2% of total referrals. This primary service area has remained consistent for years and is not projected to change in the near future.

Need

• The Campbell Clinic Surgery Center has averaged double-digit annual utilization increases during the past several years and projects strong growth during the next seven years. Already in CY2012, extended hours are needed to meet demand; some cases have a three-week waiting time, and space constraints in the facility burden patients and staff alike. This year, the facility will perform 1,544 cases and 3,242 procedures per surgical room, which is two to four times the 800-case or procedure level in the State Guidelines for ambulatory surgical rooms. Significant growth in cases and procedures is projected, with additional surgeons joining the staff this year and over the next several years. The proposed additional operating rooms and procedure room are greatly needed. This phased-in additional surgical capacity will result in the entire facility's being 68.6% utilized in Year Two of the expansion (CY2015) and 86.6% in Year Six (CY2019).

• Areawide utilization justifies the expansion. In this service area, there are eleven ambulatory surgery centers that offer orthopaedic and/or pain management services. In the current data reporting year (2011) they reported total utilization of 15,841 more procedures than just two years before; and as a group they performed cases/procedures at 112% / 214% of the 800-case/procedure State Guideline.

Existing Resources

• In this service area, there are eleven ambulatory surgery centers that offer orthopaedic and/or pain management services. Their utilization has been increasing steadily; and they are now utilized well above the State Guideline at which additional ambulatory surgery capacity can be added to a service area.

Project Cost, Financing and Financial Feasibility

• The estimated project cost for CON purposes is $13,277,258. Of this, the actual capital expenditure needed to implement the project is estimated to be $12,699,758. Financing is available for all of the required capital expenditures through First Tennessee Bank.

• The project will maintain a positive operating margin and a reasonable charge schedule consistent with that of other ambulatory surgery centers in the region. Accessibility to TennCare will continue.

Staffing

• The project will require 18 new FTE's, of which 14 will be clinical: 9 RN's; 4 surgical techs; 1 radiology tech.

B.II. PROVIDE A DETAILED NARRATIVE OF THE PROJECT BY ADDRESSING THE FOLLOWING ITEMS AS THEY RELATE TO THE PROPOSAL.

B.II.A. DESCRIBE THE CONSTRUCTION, MODIFICATION AND/OR RENOVATION OF THE FACILITY (EXCLUSIVE OF MAJOR MEDICAL EQUIPMENT COVERED BY T.C.A. 68-11-1601 *et seq.)* INCLUDING SQUARE FOOTAGE, MAJOR OPERATIONAL AREAS, ROOM CONFIGURATION, ETC.

Location

The Campbell Clinic Surgery Center opened in May of 2002. It is located at 1410 Brierbrook Road in Germantown, 350 yards east of Brierbrook Road's intersection with South Germantown Road. This site is approximately 4 miles east of the I-40 / I-240 loop interstate corridor circling Memphis, and only 6 minutes' drive (2.1 miles) north of Methodist LeBonheur Germantown Hospital.

The Campbell Clinic Surgery Center and the Campbell Clinic adjoin one another. The Clinic owns the surgery center's building and the 2.5-acre tract (Lot 5A) it occupies, and also owns an additional vacant 5-acre tract (Lot 5B) adjacent to the Surgery Center. This proposed project will expand the Surgery Center onto Lot 5B, the vacant 5-acre tract. The Clinic will continue to lease the land and building to the Surgery Center, as it currently does, with an adjustment to the annual lease payment to reflect the enlarged building and site.

Project Description

The present facility has four Class C operating rooms and one Class A procedure room. This project will double its surgical capacity, by adding four more Class C operating rooms, one Class A procedure room, and related support spaces. The new procedure room and two new OR's will open by January 1, 2014. Two more new OR's will be held as shell space through all or most of Year Six (estimated). At project completion, all operating rooms will be sized to orthopaedic floor space requirements (400 SF). The new procedure room, like the existing one, will be 200SF, making it a Class A surgical room. The preliminary space program and floor plan for the proposed

facility are provided in the Attachments to this application. Table Two-A below shows proposed changes in proposed key clinical spaces. A detailed preliminary space program is provided in the Attachments, with the proposed floor plan shown in Phases 1, 2, and 3.

Table Two-A: Changes in Capacity in Key Clinical Areas		
Type of Space	Current Number	Proposed Number
Nursing Stations	1	3
Pre-Operative Stations	6	12
Post-Operative Stations Stage I Recovery	7	25
Post-Operative Stage II Stations (recliners)	2	6
Operating Rooms	4 (400 SF each)	4 (400 SF each)
Procedure Rooms	1 (200 SF)	2 (200 SF each)
Physician Consulting Rooms	1	2

As shown in Table Two-B below, the project will increase the existing 12,232 GSF surgery center to a 33,168 GSF facility. This will require 20,936 SF of new construction and 6,784 SF of renovation. The new floor space and surgical capacity will be added in Phase I, by wrapping new construction around three sides of the current facility. The existing and new areas will then be merged on weekends by removing separation walls when no patients are in the facility. Internal renovations of current pre- and post-op areas, lockers, business offices, and waiting areas will then be done as Phases II and III. This phasing of new construction and renovation will avoid interrupting surgical processes and will minimize inconvenience for patients and staff.

Table Two-B: Summary of Construction and Changes in Floor Area	
	Total Square Feet
Facility Before Project	12,232 GSF
Facility After Project	33,168 GSF
Area of New Construction	20,936 SF
Area of Buildout or Renovation	6,784 SF
Total SF of Construction	27,720 SF

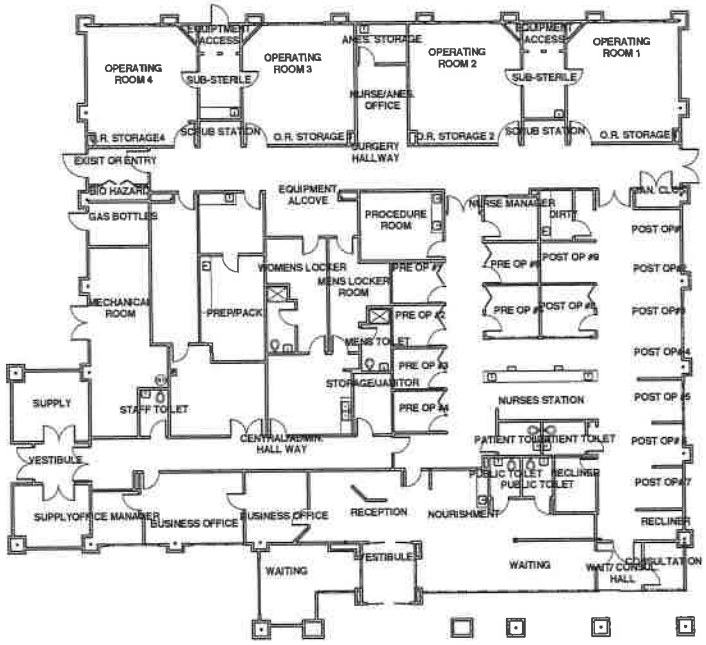
Source: Project architect

The current facility is open from 5 AM to 7 PM on weekdays. It performs surgeries without interruption from 7 AM to 3PM on weekdays, leaving time for the last

patient to recover before facility closure. This schedule is expected to continue in the future. If granted CON approval in November 2012, the project will be completed during CY2013, and will be operational on or before January 1, 2014. The design of the expansion allows the existing five surgical rooms to continue in full operation during the construction period, so that patient care is not interrupted.

Cost and Funding

The estimated project cost for CON purposes is $13,277,258. (Under CON rules, this includes the market value of leased space during the first lease term). The actual capital cost to implement this turnkey project, paid for by the Campbell Clinic, P.C., is estimated at $12,699,758. That capital cost will be fully financed by a 100% loan from First Tennessee Bank.



FLOOR PLAN - EXISTING

CMArchitects
1900 4TH AVENUE NORTH # 101
NASHVILLE TENNESSEE 37208
615-244-9622

CLIENT

PROJECT

Campbell Surgery Center

Memphis, TN

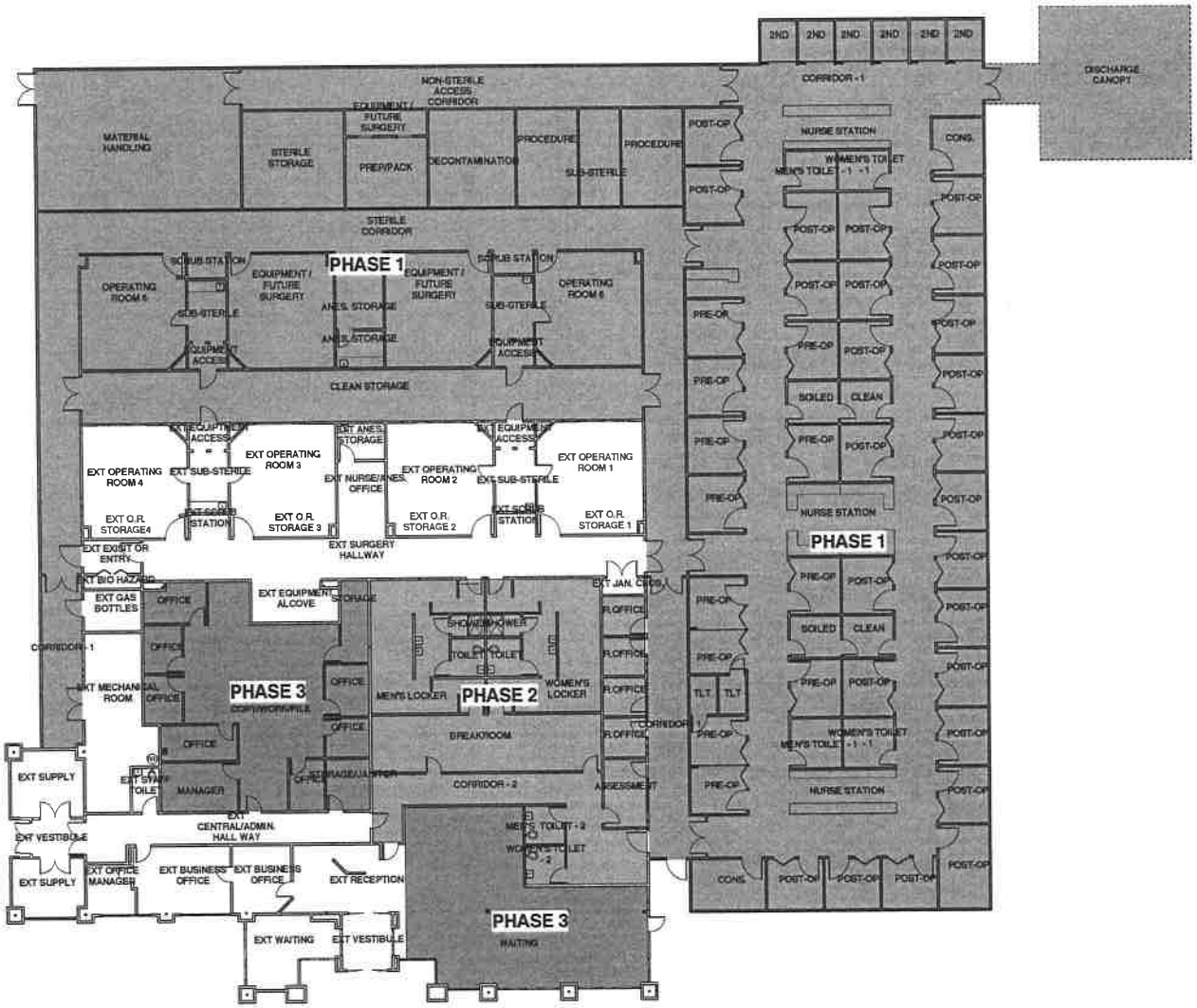
No.	Description	Date

DRAWN BY: Author
CHECKED BY: Checker
PROJECT #: #000000
ISSUE DATE:
DRAWING STAGE: Project Status

PROFESSIONAL SEAL

SHEET DESCRIPTION
Floor Plan - Existing

DRAWING NUMBER
P 1



FLOOR PLAN - ALL PHASES

CMArchitects
1508 4TH AVENUE NORTH # 101
NASHVILLE TENNESSEE 37208
615.244.0622

Campbell Surgery Center

Memphis, TN

No.	Description	Date

DRAWN BY
CHECKED BY
PROJECT #
ISSUE DATE
PROFESSIONAL SEAL

SHEET DESCRIPTION
Floor Plan - All Phases

P 5

APPLICANTS WITH HOSPITAL PROJECTS (CONSTRUCTION COST IN EXCESS OF $5 MILLION) AND OTHER FACILITY PROJECTS (CONSTRUCTION COST IN EXCESS OF $2 MILLION) SHOULD COMPLETE THE SQUARE FOOTAGE AND COSTS PER SQUARE FOOTAGE CHART.

UTILIZING THE ATTACHED CHART, APPLICANTS WITH HOSPITAL PROJECTS SHOULD COMPLETE PARTS A-E BY IDENTIFYING, AS APPLICABLE, NURSING UNITS, ANCILLARY AREAS, AND SUPPORT AREAS AFFECTED BY THIS PROJECT. PROVIDE THE LOCATION OF THE UNIT/SERVICE WITHIN THE EXISTING FACILITY ALONG WITH CURRENT SQUARE FOOTAGE, WHERE, IF ANY, THE UNIT/SERVICE WILL RELOCATE TEMPORARILY DURING CONSTRUCTION AND RENOVATION, AND THEN THE LOCATION OF THE UNIT/SERVICE WITH PROPOSED SQUARE FOOTAGE. THE TOTAL COST PER SQUARE FOOT SHOULD PROVIDE A BREAKOUT BETWEEN NEW CONSTRUCTION AND RENOVATION COST PER SQUARE FOOT. OTHER FACILITY PROJECTS NEED ONLY COMPLETE PARTS B-E.

See Attachment B.II.A.

PLEASE ALSO DISCUSS AND JUSTIFY THE COST PER SQUARE FOOT FOR THIS PROJECT.

The 2009-2011 ambulatory surgery center construction projects approved by the HSDA had the following costs per SF:

Table Three: Ambulatory Surgery Center Construction Cost PSF Years: 2009 – 2011			
	Renovated Construction	**New Construction**	**Total Construction**
1st Quartile	$40.09/sq ft	$200.00/sq ft	$54.06/sq ft
Median	$100.47/sq ft	$252.74/sq ft	$134.57/sq ft
3rd Quartile	$195.00/sq ft	$371.75/sq ft	$252.74/sq ft

Source: HSDA; CON approved applications for years 2009-2011

This project is consistent with those ranges. The estimated $6,770,852 construction cost for the project is approximately $244 PSF overall (for 27,720 SF of new areas plus renovated areas). Within this average, the estimated new construction cost for 20,936 new SF is approximately $293 PSF; and the estimated renovation cost for 6,784 renovated SF is approximately $95 PSF.

Table Four: Construction Costs of This Project			
	Renovated Construction	**New Construction**	**Total Project**
Square Feet	6,784 SF	20,936 SF	27,720 SF
Construction Cost	$644,718	$6,126,134	$6,770,852
Constr. Cost PSF	$95.04	$292.61	$244.26

IF THE PROJECT INVOLVES NONE OF THE ABOVE, DESCRIBE THE DEVELOPMENT OF THE PROPOSAL.

Not applicable.

B.II.B. IDENTIFY THE NUMBER AND TYPE OF BEDS INCREASED, DECREASED, CONVERTED, RELOCATED, DESIGNATED, AND/OR REDISTRIBUTED BY THIS APPLICATION. DESCRIBE THE REASONS FOR CHANGE IN BED ALLOCATIONS AND DESCRIBE THE IMPACT THE BED CHANGE WILL HAVE ON EXISTING SERVICES.

Not applicable to an outpatient surgery center project.

B.II.C. AS THE APPLICANT, DESCRIBE YOUR NEED TO PROVIDE THE FOLLOWING HEALTH CARE SERVICES (IF APPLICABLE TO THIS APPLICATION):

1. **ADULT PSYCHIATRIC SERVICES**
2. **ALCOHOL AND DRUG TREATMENT ADOLESCENTS >28 DAYS**
3. **BIRTHING CENTER**
4. **BURN UNITS**
5. **CARDIAC CATHETERIZATION SERVICES**
6. **CHILD AND ADOLESCENT PSYCHIATRIC SERVICES**
7. **EXTRACORPOREAL LITHOTRIPSY**
8. **HOME HEALTH SERVICES**
9. **HOSPICE SERVICES**
10. **RESIDENTIAL HOSPICE**
11. **ICF/MR SERVICES**
12. **LONG TERM CARE SERVICES**
13. **MAGNETIC RESONANCE IMAGING (MRI)**
14. **MENTAL HEALTH RESIDENTIAL TREATMENT**
15. **NEONATAL INTENSIVE CARE UNIT**
16. **NON-RESIDENTIAL METHADONE TREATMENT CENTERS**
17. **OPEN HEART SURGERY**
18. **POSITIVE EMISSION TOMOGRAPHY**
19. **RADIATION THERAPY/LINEAR ACCELERATOR**
20. **REHABILITATION SERVICES**
21. **SWING BEDS**

The Campbell Clinic

The Campbell Clinic in Shelby County is an internationally recognized group of orthopedists that has been a national leader in its field of surgery for almost a century. Its founder, Dr. Willis Campbell, organized the first Department of Orthopaedic Surgery at the U.T. School of Medicine. Today the department is officially designated "the University of Tennessee-Campbell Clinic Department of Orthopaedic Surgery". All Campbell Clinic surgeons have faculty appointments in the department and work closely with its research scientists. As of August 2012, its active surgery center staff consists of 42 Campbell Clinic practitioners, of whom 40 are orthopaedic surgeons and 4 are physiatrists (physical medicine and rehabilitation specialists). All are Board-certified except the two recent recruits from residency, who are required to practice for two years prior to certification. Many are subspecialty-trained and fellowship-trained.

Dr. Campbell and his successors at the Clinic wrote and continuously update the definitive reference work Campbell's Operative Orthopaedics, a textbook that is in

worldwide use and is often called "the Bible of orthopaedic surgery" (now in its 11th Edition in 7 languages). Campbell Clinic specialists established the orthopaedic residency program at U.T. School of Medicine, which has trained more than 450 orthopaedic surgeons. During their five-year program, orthopaedic residents work at the CCSC for multiple 3-month rotations for subspecialty training, under the supervision of Campbell Clinic surgeons. Their affiliated Campbell Foundation develops clinical leadership through funding and managing 12-month fellowship training programs for subspecialists, who train at the Campbell Clinic Surgery Center and at area hospitals such as the Regional Medical Center at Memphis ("the MED"), LeBonheur Children's Hospital, and the Methodist and Baptist hospital systems.

The Campbell Clinic Surgery Center's Need to Expand Surgical Capacity

1. Current Utilization and Design Issues in The facility

The service area has eleven ambulatory surgical treatment centers ("ASTC's") that reported performing orthopaedic or pain management procedures in 2011. Among these eleven comparable ASTC's, the Campbell Clinic Surgery Center ("CCSC") performed the highest volume of surgical procedures (16% of areawide ASTC's procedures), the highest total number of orthopedic and pain management procedures combined (15,127, or 29% of those facilities' procedures of that kind), and had the second highest intensity in total procedures per surgical room (3,025 per room overall).

Such intensive utilization places heavy demands on this facility and its staff. In CY2012, the CCSC will be nearing its maximum possible utilization. It will perform a projected 16,210 procedures during 7,719 cases, in only four operating rooms and one procedure room. This will be an overall intensity of 1,544 cases / 3,242 procedures per dedicated ambulatory surgery room. That is two to four times the 800-case/procedure level recommended by State CON Guidelines (which are ambiguous, allowing either cases or procedures to be used when calculating utilization intensity). The facility has 42 active surgeons and physiatrists on its staff at the time of this application, and is recruiting additional physicians over the next two years.

During CY2012, CCSC is experiencing intense utilization of its surgical rooms. This year, the rate of O.R. use for orthopedic procedures will be 2,048 procedures per room, which is 256% of the State Guideline for intensity of use. It will be 873 cases per room, which is 109% of the Guideline, calculated on a case basis. (Decimals in the room numbers in Table Five below reflect that pain cases overflow their procedure room into one of the orthopaedic OR's on three afternoons a week, using 20% of its available time).

Table Five: CCSC Projected Surgical Utilization by Room Type CY2012

Room Type	No. of Rooms	Procedures	Procedures per Room	Cases	Cases Per Room
Orthopedic Patients	3.8	7,781	2,048	3,319	873
Pain Mgt Patients	1.2	8,429	7,024	4,400	3,667
Total	5	16,210	3,242	7,719	1,544

Source: Facility Records. CY2012 cases projected at +4.5% above CY2011. CY2012 procedures projected at 2.1 per case. Orthopaedic procedures projected at 48% of all procedures and orthopaedic cases projected at 43% of all procedures--reflecting Q1-Q2 CY2012 experience.

Referrals continue to increase steadily, as they have for the past decade (8.7% per compound annual growth rate since 2005). The facility has 42 active surgeons and intends to recruit additional surgeons over the next several years. More surgical capacity and expanded support spaces are needed as soon as possible. Following are some of the operational issues burdening staff and patients currently.

- The four OR's and the procedure room already routinely operate overtime, on most weekdays, with only one more year of utilization growth feasible.
- The procedure room is 100% scheduled and its "overflow" pain procedures are taking up 20% of the schedule in one of the four operating rooms previously reserved for orthopedic cases.
- There are insufficient preoperative and postoperative spaces, an insufficient equipment storage.
- Patients and companions in the waiting area exceed its 40-seat capacity at least three days a week.
- There is insufficient parking.

In addition, the project architect reviewed the existing facility for conformance with Tennessee's newly adopted Guidelines for Design of Healthcare Facilities, and with

ADA and Architectural Barriers Act Accessibility Guidelines. He found several deficiencies that the Campbell Clinic must remedy in an expansion project of this scope, even though it was originally constructed a decade ago in compliance with different codes and Guidelines. Some examples are as follows:

- Parking is undersized by 26 spaces.
- The Assessment Room does not comply.
- An additional 6 Pre-Op and Post-Op rooms are needed.
- There are also insufficient Phase II Recovery stations.
- All of the Pre-Op and Post-Op rooms need more clear floor space.
- The Outpatient Surgical Change area is inadequate.
- Staff lockers are insufficient.
- Toilets do not conform to the 2010 ADA Guidelines.

2. Historic and Projected Utilization of the Campbell Clinic

Table Thirteen-A, in Section C(I).6 later in this application, shows the historic utilization of the Campbell Clinic Surgery Center during the past seven years. Cases increased steadily at a compound annual growth rate (CAGR) of more than 10% a year. Even for the last three years, during which several surgeons retired or relocated, the compound annual growth rate was almost 6% a year (5.9%).

Table Thirteen-B in that section projects room utilization from this year through CY2019, Year Six of the expanded facility. CY2012 utilization in the first two quarters grew more slowly (3.1%) due to temporary physician absences early in the year; but CY2012's caseload increase over CY2011 is projected at 4.5%. Thereafter, the applicant projects a rapid annual increase in cases, based on major additions to the surgical staff in late CY2012 and CY2013, and the availability of more operating rooms and procedure rooms by CY2014. CCSC plans to open two more operating rooms and one more procedure room by January 2014. Two additional new operating rooms will be shelled in during this proposed expansion, and used for storage until needed (after Year Six, as currently estimated). Throughout the projection period, overall average utilization per staffed room will significantly exceed the State Guideline of 800 cases or procedures per

surgical room. In Year Two it will operate at 154% of the Guideline when calculated on a case basis, and at 323% of the Guideline when calculated on a procedure basis.

Table Thirteen-C in that later section shows orthopaedic and pain management case times and efficiency of room use. (Pain cases will be in the two procedure rooms; and orthopaedic cases will be in the operating rooms.) In Year Six, the proposed eight staffed rooms as a group will utilize approximately 86% of available minutes; and the six-room orthopaedic area will utilize almost 90% of available time. After Year Six, the remaining two shelled operating rooms will be opened for orthopaedic cases. But it is necessary to shell them in at the same time the other rooms are completed, because of their internal location.

3. Areawide Need for the Project

Under State CON Guidelines for Growth, the project's primary service area qualifies for addition of ambulatory surgical capacity. The Guidelines allow for consideration of additional ambulatory surgery capacity when existing capacity is utilized at 80% efficiency, which is defined as 800 operations or procedures per room.

Tables Six-A, -B, and -C on the following page display the reported utilization of ambulatory surgical treatment centers ("ASTC's") operating in the applicant's Tennessee primary service area. (See Tables Seventeen-D and -E in Section C(I).5 below, for detailed statistics.)

These eleven reporting facilities include all service area multispecialty ASTC's and any single-specialty ASTC authorized to perform orthopedic or pain management procedures. (Two similar but non-reporting facilities are not included. One is a DeSoto County, Mississippi ASTC that is within the primary service area but whose utilization is not published except by special order. The second is a Shelby County ASTC that opened in late 2011 and which will not report utilization data until early CY2013.)

During the past three years 2009-2011, the total procedures performed by these eleven service area ASTC's have increased by 20.7%. Total reported procedures are at

214% of the Tennessee State Guideline at which additional surgical capacity may be considered. Total reported cases are at 112% of the State Guideline, when the Guideline is calculated on a case basis.

Table Six-A: Increase in Comparable ASTC Surgical Procedures In CCSC's Tennessee Primary Service Area 2009-2011			
	2009	**2010**	**2011**
Procedures	76,658	84,632	92,499
% Annual Change	--	+10.4%	+9.3%
Numeric Annual Change	--	+7,974	+7,867
% Change 2009-2011	--	--	+20.7%
Numeric Change 2009-2011	--	--	+15,841

Table Six-B: Increase in Comparable ASTC Surgical Cases In CCSC's Tennessee Primary Service Area 2009-2011			
	2009	**2010**	**2011**
Cases	45,986	48,464	48,310
% Annual Change	--	+5.4%	-0.3%
Numeric Annual Change	--	+2478	-154
% Change 2009-2011	--	--	+5.1%
Numeric Change 2009-2011	--	--	+2,324

Table Six-C: Cases and Procedures Per Surgical Room in Comparable ASTC's in CCSC's Tennessee Primary Service Area 2009-2011			
	2009	**2010**	**2011**
ASTC Surgical Rooms	55	56	54
Procedures	76,658	84,632	92,499
Cases	45,986	48,464	48,310
Procedures Per Room	1,394	1,511	1,713
% of Utilization Guideline (800)	174%	189%	214%
Cases Per Room	836	865	895
% of Utilization Guideline (800)	105%	108%	112%

Source: Joint Annual Reports; Tables Twelve-D and -E of this application. Includes all area ASTC's except single-specialty ASTC's not performing pain or orthopedic cases.

B.II.D. DESCRIBE THE NEED TO CHANGE LOCATION OR REPLACE AN EXISTING FACILITY.

Not applicable to an expansion project.

B.II.E. DESCRIBE THE ACQUISITION OF ANY ITEM OF MAJOR MEDICAL EQUIPMENT (AS DEFINED BY THE AGENCY RULES AND THE STATUTE) WHICH EXCEEDS A COST OF $1.5 MILLION; AND/OR IS A MAGNETIC RESONANCE IMAGING SCANNER (MRI), POSITRON EMISSION TOMOGRAPHY (PET) SCANNER, EXTRACORPOREAL LITHOTRIPTER AND/OR LINEAR ACCELERATOR BY RESPONDING TO THE FOLLOWING:

1. For fixed site major medical equipment (not replacing existing equipment):

- **a. Describe the new equipment, including:**
  1. **Total Cost (As defined by Agency Rule);**
  2. **Expected Useful Life;**
  3. **List of clinical applications to be provided; and**
  4. **Documentation of FDA approval.**
- **b. Provide current and proposed schedule of operations.**

2. For mobile major medical equipment:

- **a. List all sites that will be served;**
- **b. Provide current and/or proposed schedule of operations;**
- **c. Provide the lease or contract cost;**
- **d. Provide the fair market value of the equipment; and**
- **e. List the owner for the equipment.**

3. Indicate applicant's legal interest in equipment (e.g., purchase, lease, etc.) In the case of equipment purchase, include a quote and/or proposal from an equipment vendor, or in the case of an equipment lease provide a draft lease or contract that at least includes the term of the lease and the anticipated lease payments.

Not applicable. The project includes no "major medical equipment" as defined by the CON program.

B.III.A. ATTACH A COPY OF THE PLOT PLAN OF THE SITE ON AN 8-1/2" X 11" SHEET OF WHITE PAPER WHICH MUST INCLUDE:

1. **SIZE OF SITE (IN ACRES);**
2. **LOCATION OF STRUCTURE ON THE SITE;**
3. **LOCATION OF THE PROPOSED CONSTRUCTION; AND**
4. **NAMES OF STREETS, ROADS OR HIGHWAYS THAT CROSS OR BORDER THE SITE.**

PLEASE NOTE THAT THE DRAWINGS DO NOT NEED TO BE DRAWN TO SCALE. PLOT PLANS ARE REQUIRED FOR ALL PROJECTS.

See Attachment B.III.A.

B.III.B.1. DESCRIBE THE RELATIONSHIP OF THE SITE TO PUBLIC TRANSPORTATION ROUTES, IF ANY, AND TO ANY HIGHWAY OR MAJOR ROAD DEVELOPMENTS IN THE AREA. DESCRIBE THE ACCESSIBILITY OF THE PROPOSED SITE TO PATIENTS/CLIENTS.

The Campbell Clinic Surgery Center is located at 1410 Brierbrook Road in Germantown, 350 yards east of Brierbrook Road's intersection with South Germantown Road. This site is approximately 4 miles east of the I-40 / I-240 loop interstate corridor circling Memphis, and only 6 minutes' drive (2.1 miles) north of Methodist LeBonheur Germantown Hospital. This provides very good drive time access to for patients coming from major communities of the service area, as illustrated by Table Seven below.

Table Seven: Mileage and Drive Times Between The Project and Major Communities in the Primary Service Area

	County or State	Distance	Drive Time
1. Memphis (downtown Riverfront)	Shelby	22.2 mi.	28 min.
2. Millington	Shelby	30.4 mi.	33 min.
3. Bartlett	Shelby	11.4 mi.	19 min.
4. Collierville	Shelby	10.4 mi.	20 min.
5. Germantown (center)	Shelby	1.9 mi.	6 min.
6. Covington	Tipton	42.8 mi.	54 min.
7. Somerville	Fayette	37.7 mi.	42 min.
8. Hernando	DeSoto, MS	33.5 mi.	40 min.
9. Horn Lake	DeSoto, MS	26.1 mi.	35 min.
10. Southaven	DeSoto, MS	22.4 mi.	30 min.
10. West Memphis	Crittenden, AR	28.4 mi.	36 min.
11. Marion	Crittenden, AR	32.7 mi.	40 min.

Source: Google Maps, July 2012

B.IV. ATTACH A FLOOR PLAN DRAWING FOR THE FACILITY WHICH INCLUDES PATIENT CARE ROOMS (NOTING PRIVATE OR SEMI-PRIVATE), ANCILLARY AREAS, EQUIPMENT AREAS, ETC.

See attachment B.IV.

IV. FOR A HOME CARE ORGANIZATION, IDENTIFY

1. **EXISTING SERVICE AREA (BY COUNTY);**
2. **PROPOSED SERVICE AREA (BY COUNTY);**
3. **A PARENT OR PRIMARY SERVICE PROVIDER;**
4. **EXISTING BRANCHES AND/OR SUB-UNITS; AND**
5. **PROPOSED BRANCHES AND/OR SUBUNITS.**

Not applicable. The application is not for a home care organization.

C(I) NEED

C(I).1. DESCRIBE THE RELATIONSHIP OF THIS PROPOSAL TO THE IMPLEMENTATION OF THE STATE HEALTH PLAN AND TENNESSEE'S HEALTH: GUIDELINES FOR GROWTH.

A. PLEASE PROVIDE A RESPONSE TO EACH CRITERION AND STANDARD IN CON CATEGORIES THAT ARE APPLICABLE TO THE PROPOSED PROJECT. DO NOT PROVIDE RESPONSES TO GENERAL CRITERIA AND STANDARDS (PAGES 6-9) HERE.

B. APPLICATIONS THAT INCLUDE A CHANGE OF SITE FOR A HEALTH CARE INSTITUTION, PROVIDE A RESPONSE TO GENERAL CRITERION AND STANDARDS (4)(a-c).

Project-Specific Review Criteria: Ambulatory Surgical Services

1. The need for ambulatory surgical services shall be based upon the following assumptions:

a. An operating room is available 250 days per year, 8 hours per day.

Complies. The facility will be open at least 8 hours per day, 250 weekdays per year, as it is now.

b. The average time per outpatient surgery case is 60 minutes.
c. The average time for clean-up and preparation between outpatient surgery cases is 30 minutes.

The CCSC orthopaedic cases will require an average of 115 minute for the surgery and 15 minutes for room cleanup and preparation, for a total of 130 minutes per case.

The CCSC pain management cases will require an average of 20 minutes for the procedure and 5 minutes for room cleanup and preparation, for a total of 25 minutes per case.

The average case time facility-wide (surgery plus room cleanup and preparation) will be 67 minutes. However, that is not a very meaningful statistic in light of the

significant difference between pain management cases (25 minutes) and orthopaedic cases (130 minutes).

d. The expected capacity of a dedicated, outpatient, general-purpose operating room is 80% of full capacity. That equates to 800 cases per year of capacity.

Complies. All of the applicant's surgical rooms now perform in excess of 800 cases per year; and all proposed staffed surgical rooms are projected to perform in excess of 800 cases per year beginning in Year One (CY2014) and continuing every year thereafter.

e. Unstaffed operating rooms are considered available for ambulatory surgery and are to be included in the inventory and in the measure of capacity.

No unstaffed operating rooms were identified in the Tennessee primary service area, within the eleven ambulatory surgery centers that are comparable for CON review purposes (this group excludes single specialty facilities not performing orthopaedic or pain procedures).

There is one ambulatory surgery center in DeSoto County, Mississippi that was not included in the inventory because its data is not available yet. Mississippi does not publicly report utilization although it is available on special order. (The order was placed some time ago and has not been received.) A second ambulatory surgery center in Shelby County (for pain management) is not included in the data because it opened in late 2011 and its first year of utilization data is not due for another year.

The two shelled-in operating rooms in this project are not within the scope of this Guideline. They will be storage rooms until the year 2020.

2. "Service Area" shall mean the county or counties represented by the applicant as the reasonable area to which the facility intends to provide services, and/or in which the majority of its service recipients reside.

Complies. The primary service area in this application is defined as counties contributing 2% or more of the CCSC's patients. There are five such counties, three of them in Tennessee and one each in Mississippi and Arkansas. They collectively contributed 78.2% of the CCSC's surgical patients in CY2011.

3. The majority of the population of a service area for ambulatory surgical services should reside within 30 minutes travel time of the facility.

The project complies. See Table Ten. The primary service area population in CY2016 will be 1,328,036. A majority (73.5%) of its population lives in Shelby County, population 976,726. Within Shelby County, four of the five major communities (Memphis, Bartlett, Collierville, Germantown) are within 30 minutes' drive time of the project. The fifth community, Millington, is only 33 minutes away. In addition, large populations living in DeSoto County, MS near Southaven are within 30 minutes' drive time.

4. All applicants should demonstrate the ability to perform a minimum of 800 operations and/or procedures per year per operating room and/or procedure room. This assumes 250 days X 4 surgeries/procedures X .80.

Complies. In Year One (CY2014), the facility is projected conservatively to perform 1,147 cases and 2,408 procedures per surgical room. In subsequent years the utilization per room is projected to increase steadily. In CY2019 its complement of eight surgical rooms will operate at 1,552 cases and 3,258 procedures per surgical room.

5. A CON proposal to provide new ambulatory surgical services shall not be approved unless existing ambulatory surgical services within the applicant's service area or within the applicant's facility are demonstrated to be currently utilized at 80% of service capacity. Notwithstanding the 80% need standard, the HFC may consider proposals for additional facilities or expanded services within an existing facility under the following conditions: proposals for facilities offering limited-specialty type programs, or proposals for facilities where accessibility to surgical services are limited.

Complies. The 2011 Joint Annual Reports for Ambulatory Surgical Treatment Centers showed that the eleven comparable facilities in the primary service area averaged 895 cases/1,713 procedures per surgical room. In addition, this applicant offers limited-

specialty services (orthopaedics/pain management) and merits positive consideration on that basis as well.

6. A CON proposal to provide new or expanded ambulatory surgical services must specify the number of projected surgical operating rooms to be designated for ambulatory surgical services.

The project proposes to staff six operating rooms and two procedure rooms, for a total of eight surgical rooms, from CY2014 through CY2019. Then two shelled-in operating rooms built as part of this project will be finished and staffed.

7. A CON proposal to provide new or expanded ambulatory surgical services must project patient utilization for each of the first eight calendar quarters following the completion of the proposed project. All assumptions, including the specific methodology by which utilization is projected, must be clearly stated.

The facility anticipates the following utilization in its first eight quarters:

Table Eight: Projected Utilization By Quarter, Years One & Two			
Year One--CY2014	**Percent of Cases/Procedures**	**Cases**	**Procedures**
Q1	24.6% / 23.0%	2,257	4,430
Q2	23.8% / 23.6%	2,183	4,546
Q3	24.2% / 28.0%	2,220	5,394
Q4	27.4% / 25.4%	2,513	4,893
Total Year	100%	9,173	19,263
Year Two--CY2015			
Q1	24.6% / 23.0%	2,419	4,749
Q2	23.8% / 23.6%	2,340	4,873
Q3	24.2% / 28.0%	2,379	5,781
Q4	27.4% / 25.4%	2,694	5,244
Total Year	100%	9,832	20,647

Source: Annual cases and procedures are from Table Thirteen-B, distributed among the quarters to reflect CY2011 quarterly distribution.

8. A CON proposal to provide new or expanded ambulatory surgical services must project patient origin by percentage and county of residence. All assumptions, including the specific methodology by which utilization is projected, must be clearly stated.

See the response to C.2 below. Projections are based on current patient origin of the practice.

The Framework for Tennessee's Comprehensive State Health Plan

Five Principles for Achieving Better Health

The following Five Principles for Achieving Better Health serve as the basic framework for the State Health Plan. After each principle, the applicant states how this CON application supports the principle, if applicable.

1. Healthy Lives

The purpose of the State Health Plan is to improve the health of Tennesseans.
Every person's health is the result of the interaction of individual behaviors, society, the environment, economic factors, and our genetic endowment. The State Health Plan serves to facilitate the collaboration of organizations and their ideas to help address health at these many levels.

This project is proposed to improve the health of all patients referred to the orthopaedic surgeons of the Campbell Clinic, by providing the most advanced and effective ambulatory surgical services available, in the safest and most efficient and cost-effective environment.

2. Access to Care

Every citizen should have reasonable access to health care.
Many elements impact one's access to health care, including existing health status, employment, income, geography, and culture. The State Health Plan can provide standards for reasonable access, offer policy direction to improve access, and serve a coordinating role to expand health care access.

The applicant facility is a broadly accessible facility, with significant participation in Medicare and TennCare plans to provide economic access to patients of low income. Its facility in Germantown is at a location that is physically accessible to residents of its service area.

3. Economic Efficiencies

The state's health care resources should be developed to address the needs of Tennesseans while encouraging competitive markets, economic efficiencies and the continued development of the state's health care system. **The State Health Plan should work to identify opportunities to improve the efficiency of the state's health care system and to encourage innovation and competition.**

This expansion is requested for one of the service area's most highly utilized, and highly efficient, providers of specialized ambulatory surgical care. The applicant's surgical staff, including interns and residents in training rotations, work with researchers

at the University of Tennessee Medical College in Memphis to provide patients with the most up-to-date surgical care possible.

4. Quality of Care

Every citizen should have confidence that the quality of health care is continually monitored and standards are adhered to by health care providers. **Health care providers are held to certain professional standards by the state's licensure system. Many health care stakeholders are working to improve their quality of care through adoption of best practices and data-driven evaluation.**

The Campbell Clinic Surgery Center's staff is well recognized for its adherence to the highest quality standards of its specialties, and for its contributions to physician training and medical research in the community. Its surgeons have long helped develop and define quality of care practices for the field of orthopaedics.

5. Health Care Workforce

The state should support the development, recruitment, and retention of a sufficient and quality health care workforce. **The state should consider developing a comprehensive approach to ensure the existence of a sufficient, qualified health care workforce, taking into account issues regarding the number of providers at all levels and in all specialty and focus areas, the number of professionals in teaching positions, the capacity of medical, nursing, allied health and other educational institutions, state and federal laws and regulations impacting capacity programs, and funding.**

The educational and training programs supported and staffed by the Campbell Clinic contribute to the increase of highly qualified practitioners, and the improvement of orthopaedic services, at facilities across the United States.

C(I).2. DESCRIBE THE RELATIONSHIP OF THIS PROJECT TO THE APPLICANT'S LONG-RANGE DEVELOPMENT PLANS, IF ANY.

The Campbell Clinic Surgery Center has always had a long-range plan to expand this facility as its utilization increased. It was for that purpose that sufficient land was acquired some years ago to accommodate this proposed expansion.

C(I).3. IDENTIFY THE PROPOSED SERVICE AREA AND JUSTIFY THE REASONABLENESS OF THAT PROPOSED AREA. SUBMIT A COUNTY-LEVEL MAP INCLUDING THE STATE OF TENNESSEE CLEARLY MARKED TO REFLECT THE SERVICE AREA. PLEASE SUBMIT THE MAP ON A 8-1/2" X 11" SHEET OF WHITE PAPER MARKED ONLY WITH INK DETECTABLE BY A STANDARD PHOTOCOPIER (I.E., NO HIGHLIGHTERS, PENCILS, ETC.).

The project's primary service area consists of Shelby, Tipton, and Fayette Counties in Tennessee, DeSoto County in Mississippi, and Crittenden County in Arkansas. These are five of the more than one hundred U.S. counties from which Campbell Clinic Surgery Center patients came in CY2011. They constituted 78.2% of all cases referred. No other county contributed as much as 2% of the CCSC's total referrals. The CCSC sees no reason why this service area would change. Table Nine below projects patient origin by county for this project's first two years, based on CY2011 experience.

A service area map and a map showing the location of the service within the State of Tennessee are provided as Attachments C, Need--3 at the back of the application.

Table Nine: Projected Patient Origin
Campbell Clinic Surgery Center

County	Percent of Total	Year One (2014) Cases	Year Two (2015) Cases
Shelby (TN)	55.8%	5,123	5,491
DeSoto (MS)	11.7%	1,074	1,151
Tipton (TN)	5.3%	487	522
Fayette (TN)	3.3%	301	322
Crittenden (AR)	2.1%	191	205
Subtotal PSA	**78.2%**	**7,176**	**7,691**
100 Other Co. <2%	21.8%	1997	2,141
Total All Counties	**100.0%**	**9,173**	**9,832**

Source: Practice records for patient origin; cases projected in Table Thirteen-B.

C(I).4.A DESCRIBE THE DEMOGRAPHICS OF THE POPULATION TO BE SERVED BY THIS PROPOSAL.

Please see Table Ten on the following page. The service area population is increasing by 4.2% over the next four years, slightly faster than the 3.4% Statewide projection. The service area population is slightly younger than the State average, with a median age of 36 (State median age is 37.8), and 11.7% of Medicare age (15.0% Statewide). The median household income of the service area is higher than the State average--$48,789 vs. $43,314--but a higher percent are enrolled in Medicaid--20.6% vs. 19.0%. Approximately 8.7% of the service area population is below the US poverty level, compared to 16.5% of Tennesseans.

Table Ten: Demographic Characteristics of Primary Service Area Of (Project Name) 2012-2016							
Demographic	Shelby County	Tipton County	Fayette County	DeSoto County MS	Crittenden County AK	PRIMARY SERVICE AREA	STATE OF TENNESSEE
Median Age-2010 US Census	34.4	37.0	41.1	34.8	33.4	36	37.8
Total Population-2012	949,665	62,952	39,245	171,412	51,114	1,274,388	6,361,070
Total Population-2016	976,726	66,587	41,453	191,732	51,538	1,328,036	6,575,165
Total Population-% Change 2012 to 2016	2.8%	5.8%	5.6%	11.9%	0.8%	4.2%	3.4%
Age 65+ Population-2012	100,217	7,271	5,693	17,998	5,674	136,853	878,496
% of Total Population	10.6%	11.6%	14.5%	10.5%	11.1%	10.7%	13.8%
Age 65+ Population-2016	113,906	8,434	6,814	20,132	5,721	155,007	987,074
% of Population	11.7%	12.7%	16.4%	10.5%	11.1%	11.7%	15.0%
Age 65+ Population-% Change 2012-2016	13.7%	16.0%	19.7%	11.9%	0.8%	13.3%	12.4%
Median Household Income	$44,705	$49,378	$56,729	$59,418	$33,716	$48,789	$43,314
TennCare/Medicaid Enrollees (03/12)	229,641	11,468	5,646	NR	15,408	262,163	1,211,113
Percent of 2012 Population in TennCare/Medicaid	24.2%	18.2%	14.4%	NR	30.1%	20.6%	19.0%
Persons Below Poverty Level (2012)	187,084	10,513	5,102	16,798	14,005	233,502	1,049,577
Persons Below Poverty Level As % of Population (US Census)	19.7%	16.7%	13.0%	9.8%	27.4%	8.7%	16.5%

Sources:
TN data sources: TDH Population Projections, Feb. 2008; U.S. Census Quickfacts and FactFinder; Bureau of TennCare.
PSA Data is unweighted average, or total, of county data.
AR & MS data sources: Population projected by adding 2006-2010 average annual increase to 2010 Census count.
2011 elderly percentage from QuickFacts applied to estimate % 65+ yrs of age.
MS Medicaid data is not available to the public (per State and local offices).
AR Medicaid data from AR State Health Plan.
NR means "not reported publicly"

C(I).4.B. DESCRIBE THE SPECIAL NEEDS OF THE SERVICE AREA POPULATION, INCLUDING HEALTH DISPARITIES, THE ACCESSIBILITY TO CONSUMERS, PARTICULARLY THE ELDERLY, WOMEN, RACIAL AND ETHNIC MINORITIES, AND LOW-INCOME GROUPS. DOCUMENT HOW THE BUSINESS PLANS OF THE FACILITY WILL TAKE INTO CONSIDERATION THE SPECIAL NEEDS OF THE SERVICE AREA POPULATION.

The Campbell Clinic Surgery Center in CY2012 (Q1-Q2) had an 8.5% TennCare and 16.6% Medicare payor mix; so it is accessible to low-income TennCare enrollee and to the elderly. Both percentages increased over CY2011. It does not discriminate in its admissions on the basis of age, gender, race, ethnicity, or religion.

C(I).5. DESCRIBE THE EXISTING OR CERTIFIED SERVICES, INCLUDING APPROVED BUT UNIMPLEMENTED CON'S, OF SIMILAR INSTITUTIONS IN THE SERVICE AREA. INCLUDE UTILIZATION AND/OR OCCUPANCY TRENDS FOR EACH OF THE MOST RECENT THREE YEARS OF DATA AVAILABLE FOR THIS TYPE OF PROJECT. BE CERTAIN TO LIST EACH INSTITUTION AND ITS UTILIZATION AND/OR OCCUPANCY INDIVIDUALLY. INPATIENT BED PROJECTS MUST INCLUDE THE FOLLOWING DATA: ADMISSIONS OR DISCHARGES, PATIENT DAYS, AND OCCUPANCY. OTHER PROJECTS SHOULD USE THE MOST APPROPRIATE MEASURES, E.G., CASES, PROCEDURES, VISITS, ADMISSIONS, ETC.

Identification of Comparable Licensed Facilities in the Service Area

Table Eleven below lists all of the service area's comparable ambulatory surgery facilities (i.e., those which provided orthopaedic or pain management services in CY2011), and their distances from the Campbell Clinic Surgery Center. It includes a Tennessee pain management surgery center* that opened in September 2011, too recently to have filed any JAR utilization data. It also includes Baptist DeSoto Surgery Center** in nearby Southaven, MS, whose address is known but whose utilization has not been made available yet from the State. Neither of those two facilities is included in the tables elsewhere in this section, because their utilization data is not publicly available.

Table Eleven: Mileage and Drive Times From Project Site To Other Facilities Offering Similar Services

	City/County/State	Miles Distant	Drive Time
Baptist Germantown Surgery Center	Memphis/Shelby/TN	2.0	5"
East Memphis Surgery Center	Memphis/Shelby/TN	3.6	9"
LeBonheur East Surgery Center II	Memphis/Shelby/TN	5.8	10"
Mays & Schnapp Pain Clinic & Rehab Center	Memphis/Shelby/TN	3.6	9"
Memphis Surgery Center	Memphis/Shelby/TN	5.3	10"
Methodist Surgery Center Germantown	Memphis/Shelby/TN	4.4	6"
Midtown Surgery Center	Memphis/Shelby/TN	20.2	27"
North Surgery Center	Memphis/Shelby/TN	14.5	24"
Semmes-Murphy Clinic	Memphis/Shelby/TN	3.6	9"
Surgery Center at Saint Francis	Memphis/Shelby/TN	4.6	9"
MidSouth Interventional Pain Institute*	Memphis/Shelby/TN	0.3	1"
Baptist DeSoto Surgery Center--Southaven**	Southaven/DeSoto/MS	24.5	34"

Source: Google Maps, July 2012.

Utilization of Comparable Facilities in the Service Area

Under State CON Guidelines for Growth, the project's primary service area qualifies for addition of ambulatory surgical capacity. The Guidelines allow for consideration of additional ambulatory surgery capacity when existing service area capacity is utilized at 80% efficiency, which is defined as 800 operations or procedures per room. This proposed project complies with that guideline.

Tables Twelve-A, -B, and -C on the following page summarize the 2009-2011 reported utilization of ambulatory surgical treatment centers ("ASTC's") operating in the project's Tennessee primary service area. Tables Twelve-D and -E on the second and third following pages provide more detailed Joint Annual Report data for 2009-2011, from which the summary tables were derived.

All the above tables reflect utilization of eleven facilities that are "comparable" in that they provide orthopaedic and/or pain management services similar to those of the Campbell Clinic Surgery Center. The tables exclude ASTC's that do not perform orthopaedic and/or pain management services. The tables also exclude two area facilities for lack of publicly reported utilization. One is the Baptist DeSoto Surgery Center in Southaven, Mississippi, just across the State line. Mississippi does not publish ASTC utilization data except by custom report (requested but not received after several weeks' time). The other excluded facility was licensed in September 2011; its first reporting year will be in the CY2012 Joint Annual Reports.

As the tables show, during the past three years, 2009-2011, the total procedures performed by these service area ASTC's have increased by 20.7%. With respect to procedures, area facilities last year performed at 214% of the Tennessee State Guideline at which additional surgical capacity may be considered. Last year total cases at these facilities were at 112% of the State Guideline when calculated on a case basis, even though the total case volume areawide declined by 5.1%. So the Campbell Clinic Surgery Center's proposed expansion project is consistent with the only areawide need guideline established in the CON review process, in addition to being needed by the facility itself.

Table Twelve-A: Increase in Surgical Procedures at Comparable ASTC's In CCSC's Tennessee Primary Service Area 2009-2011			
	2009	**2010**	**2011**
Procedures	76,658	84,632	92,499
% Annual Change	--	+10.4%	+9.3%
Numeric Annual Change	--	+7,974	+7,867
% Change 2009-2011	--	--	+20.7%
Numeric Change 2009-2011	--	--	+15,841

Table Twelve-B: Increase in Surgical Cases at Comparable ASTC's In CCSC's Tennessee Primary Service Area 2009-2011			
	2009	**2010**	**2011**
Cases	45,986	48,464	48,310
% Annual Change	--	+5.4%	-0.3%
Numeric Annual Change	--	+2478	-154
% Change 2009-2011	--	--	+5.1%
Numeric Change 2009-2011	--	--	+2,324

Table Twelve-C: Cases and Procedures Per Surgical Room in Comparable ASTC's in CCSC's Tennessee Primary Service Area 2009-2011			
	2009	**2010**	**2011**
ASTC Surgical Rooms	55	56	54
Procedures	76,658	84,632	92,499
Cases	45,986	48,464	48,310
Procedures Per Room	1,394	1,511	1,713
% of Utilization Guideline (800)	174%	189%	**214%**
Cases Per Room	836	865	895
% of Utilization Guideline (800)	105%	108%	**112%**

Source: Joint Annual Reports; Tables Twelve-D and -E of this application.

Table Twelve-D: Campbell Clinic Surgery Center
Historic Utilization of Alternative Surgery Centers With Orthopedic/Pain Management Services (Procedures Per Room)
Tennessee Primary Service Area

2009 Joint Annual Report of ASTC's

State ID	Facility Name	County	O.R.'s	Procedure Rooms	Total Surgical Rooms	Total Cases	Total Procedures	Procedures Per Surgical Room	Orthopedic & Pain Management Procedures	Orthopedic and Pain Management Percent of Total
79669	Baptist Germantown Surgery Center	Shelby	6	1	7	3,203	7,816	1,117	3,398	43.5%
79691	Campbell Clinic Surgery Center	Shelby	4	1	5	6,506	6,506	1,301	6,506	100.0%
79614	East Memphis Surgery Center	Shelby	6	1	7	5,987	5,987	855	1,998	33.4%
79603	LeBonheur East Surgery Center II	Shelby	4	0	4	3,218	5,346	1,337	72	1.3%
79620	Mays & Schnapp Pain Clinic & Rehabilitation Center	Shelby	2	0	2	5,140	10,018	5,009	10,018	100.0%
79295	Memphis Surgery Center	Shelby	4	1	5	1,852	5,813	1,163	381	6.6%
79639	Methodist Surgery Center Germantown	Shelby	4	1	5	6,387	13,026	2,605	5,046	38.7%
79633	Midtown Surgery Center	Shelby	4	0	4	1,828	3,424	856	1,970	57.5%
79646	North Surgery Center	Shelby	4	1	5	3,242	5,224	1,045	2,744	52.5%
79694	Semmes--Murphey Clinic	Shelby	3	2	5	3,027	4,177	835	4,177	100.0%
79724	Surgery Center at Saint Francis	Shelby	4	2	6	5,596	9,321	1,554	4,966	53.3%
	PRIMARY SERVICE AREA		**45**	**10**	**55**	**45,986**	**76,658**	**1,394**	**41,276**	**53.8%**

2010 Joint Annual Report of ASTC's

State ID	Facility Name	County	O.R.'s	Procedure Rooms	Total Surgical Rooms	Total Cases	Total Procedures	Procedures Per Surgical Room	Orthopedic & Pain Management Procedures	Orthopedic and Pain Management Percent of Total
79669	Baptist Germantown Surgery Center	Shelby	6	1	7	3,768	7,441	1,063	3,194	42.9%
79691	Campbell Clinic Surgery Center	Shelby	4	1	5	6,619	15,209	3,042	15,209	100.0%
79614	East Memphis Surgery Center	Shelby	6	2	8	6,013	11,565	1,446	4,073	35.2%
79603	LeBonheur East Surgery Center II	Shelby	4	0	4	3,579	5,810	1,453	50	0.9%
79620	Mays & Schnapp Pain Clinic & Rehabilitation Center	Shelby	2	0	2	4,976	9,991	4,996	9,991	100.0%
79295	Memphis Surgery Center	Shelby	4	1	5	3,385	3,438	688	381	11.1%
79639	Methodist Surgery Center Germantown	Shelby	4	1	5	6,208	12,388	2,478	5,622	45.4%
79633	Midtown Surgery Center	Shelby	4	0	4	1,911	3,512	878	2,201	62.7%
79646	North Surgery Center	Shelby	4	1	5	3,121	5,135	1,027	2,979	58.0%
79694	Semmes--Murphey Clinic	Shelby	3	2	5	3,081	4,340	868	3,364	77.5%
79724	Surgery Center at Saint Francis	Shelby	4	2	6	5,803	5,803	967	2,872	49.5%
	PRIMARY SERVICE AREA		**45**	**11**	**56**	**48,464**	**84,632**	**1,511**	**49,936**	**59.0%**

2011 Joint Annual Report of ASTC's

State ID	Facility Name	County	O.R.'s	Procedure Rooms	Total Surgical Rooms	Total Cases	Total Procedures	Procedures Per Surgical Room	Orthopedic & Pain Management Procedures	Orthopedic and Pain Management Percent of Total
79669	Baptist Germantown Surgery Center	Shelby	5	0	5	3,515	7,470	1,494	2,895	38.8%
79691	Campbell Clinic Surgery Center	Shelby	4	1	5	7,008	15,127	3,025	15,127	100.0%
79614	East Memphis Surgery Center	Shelby	6	2	8	5,987	10,910	1,364	2,970	27.2%
79603	LeBonheur East Surgery Center II	Shelby	4	0	4	3,256	5,425	1,356	50	0.9%
79620	Mays & Schnapp Pain Clinic & Rehabilitation Center	Shelby	2	0	2	5,466	11,117	5,559	11,117	100.0%
79295	Memphis Surgery Center	Shelby	4	1	5	2,698	6,922	1,384	594	8.6%
79639	Methodist Surgery Center Germantown	Shelby	4	1	5	5,988	11,502	2,300	4,988	43.4%
79633	Midtown Surgery Center	Shelby	4	0	4	1,705	3,455	864	2,331	67.5%
79646	North Surgery Center	Shelby	4	1	5	3,285	5,391	1,078	3,101	57.5%
79694	Semmes--Murphey Clinic	Shelby	3	2	5	3,904	5,882	1,176	4,803	81.7%
79724	Surgery Center at Saint Francis	Shelby	4	2	6	5,498	9,298	1,550	4,981	53.6%
	PRIMARY SERVICE AREA		**44**	**10**	**54**	**48,310**	**92,499**	**1,713**	**52,957**	**57.3%**

Table Twelve-D: Campbell Clinic Surgery Center
Historic Utilization of Alternative Surgery Centers With Orthopedic/Pain Management Services (Procedures Per Room)
Tennessee Primary Service Area

2009 Joint Annual Report of ASTC's

State ID	Facility Name	County	O.R.'s	Procedure Rooms	Total Surgical Rooms	Total Cases	Total Procedures	Procedures Per Surgical Room	Orthopedic & Pain Management Procedures	Orthopedic and Pain Management Percent of Total
79669	Baptist Germantown Surgery Center	Shelby	6	1	7	3,203	7,816	1,117	3,398	43.5%
79691	Campbell Clinic Surgery Center	Shelby	4	1	5	6,506	6,506	1,301	6,506	100.0%
79614	East Memphis Surgery Center	Shelby	6	1	7	5,987	5,987	855	1,998	33.4%
79603	LeBonheur East Surgery Center II	Shelby	4	0	4	3,218	5,346	1,337	72	1.3%
79620	Mays & Schnapp Pain Clinic & Rehabilitation Center	Shelby	2	0	2	5,140	10,018	5,009	10,018	100.0%
79295	Memphis Surgery Center	Shelby	4	1	5	1,852	5,813	1,163	381	6.6%
79639	Methodist Surgery Center Germantown	Shelby	4	1	5	6,387	13,026	2,605	5,046	38.7%
79633	Midtown Surgery Center	Shelby	4	0	4	1,828	3,424	856	1,970	57.5%
79646	North Surgery Center	Shelby	4	1	5	3,242	5,224	1,045	2,744	52.5%
79694	Semmes--Murphey Clinic	Shelby	3	2	5	3,027	4,177	835	4,177	100.0%
79724	Surgery Center at Saint Francis	Shelby	4	2	6	5,596	9,321	1,554	4,966	53.3%
	PRIMARY SERVICE AREA		**45**	**10**	**55**	**45,986**	**76,658**	**1,394**	**41,276**	**53.8%**

2010 Joint Annual Report of ASTC's

State ID	Facility Name	County	O.R.'s	Procedure Rooms	Total Surgical Rooms	Total Cases	Total Procedures	Procedures Per Surgical Room	Orthopedic & Pain Management Procedures	Orthopedic and Pain Management Percent of Total
79669	Baptist Germantown Surgery Center	Shelby	6	1	7	3,768	7,441	1,063	3,194	42.9%
79691	Campbell Clinic Surgery Center	Shelby	4	1	5	6,619	15,209	3,042	15,209	100.0%
79614	East Memphis Surgery Center	Shelby	6	2	8	6,013	11,565	1,446	4,073	35.2%
79603	LeBonheur East Surgery Center II	Shelby	4	0	4	3,579	5,810	1,453	50	0.9%
79620	Mays & Schnapp Pain Clinic & Rehabilitation Center	Shelby	2	0	2	4,976	9,991	4,996	9,991	100.0%
79295	Memphis Surgery Center	Shelby	4	1	5	3,385	3,438	688	381	11.1%
79639	Methodist Surgery Center Germantown	Shelby	4	1	5	6,208	12,388	2,478	5,622	45.4%
79633	Midtown Surgery Center	Shelby	4	0	4	1,911	3,512	878	2,201	62.7%
79646	North Surgery Center	Shelby	4	1	5	3,121	5,135	1,027	2,979	58.0%
79694	Semmes--Murphey Clinic	Shelby	3	2	5	3,081	4,340	868	3,364	77.5%
79724	Surgery Center at Saint Francis	Shelby	4	2	6	5,803	5,803	967	2,872	49.5%
	PRIMARY SERVICE AREA		**45**	**11**	**56**	**48,464**	**84,632**	**1,511**	**49,936**	**59.0%**

2011 Joint Annual Report of ASTC's

State ID	Facility Name	County	O.R.'s	Procedure Rooms	Total Surgical Rooms	Total Cases	Total Procedures	Procedures Per Surgical Room	Orthopedic & Pain Management Procedures	Orthopedic and Pain Management Percent of Total
79669	Baptist Germantown Surgery Center	Shelby	5	0	5	3,515	7,470	1,494	2,895	38.8%
79691	Campbell Clinic Surgery Center	Shelby	4	1	5	7,008	15,127	3,025	15,127	100.0%
79614	East Memphis Surgery Center	Shelby	6	2	8	5,987	10,910	1,364	2,970	27.2%
79603	LeBonheur East Surgery Center II	Shelby	4	0	4	3,256	5,425	1,356	50	0.9%
79620	Mays & Schnapp Pain Clinic & Rehabilitation Center	Shelby	2	0	2	5,466	11,117	5,559	11,117	100.0%
79295	Memphis Surgery Center	Shelby	4	1	5	2,698	6,922	1,384	594	8.6%
79639	Methodist Surgery Center Germantown	Shelby	4	1	5	5,988	11,502	2,300	4,988	43.4%
79633	Midtown Surgery Center	Shelby	4	0	4	1,705	3,455	864	2,331	67.5%
79646	North Surgery Center	Shelby	4	1	5	3,285	5,391	1,078	3,101	57.5%
79694	Semmes--Murphey Clinic	Shelby	3	2	5	3,904	5,882	1,176	4,803	81.7%
79724	Surgery Center at Saint Francis	Shelby	4	2	6	5,498	9,298	1,550	4,981	53.6%
	PRIMARY SERVICE AREA		**44**	**10**	**54**	**48,310**	**92,499**	**1,713**	**52,957**	**57.3%**

Table Twelve-E: Campbell Clinic Surgery Center
Historic Utilization of Alternative Surgery Centers With Orthopedic/Pain Management Services (Cases Per Room)
Tennessee Primary Service Area

2009 Joint Annual Report of ASTC's

State ID	Facility Name	County	O.R.'s	Procedure Rooms	Total Surgical Rooms	Total Cases	Total Procedures	Cases Per Surgical Room	Orthopedic & Pain Management Cases	Orthopedic and Pain Management Percent of Total
79669	Baptist Germantown Surgery Center	Shelby	6	1	7	3,203	7,816	458	1,378	43.0%
79691	Campbell Clinic Surgery Center	Shelby	4	1	5	6,506	6,506	1,301	6,506	100.0%
79614	East Memphis Surgery Center	Shelby	6	1	7	5,987	5,987	855	1,998	33.4%
79603	LeBonheur East Surgery Center II	Shelby	4	0	4	3,218	5,346	805	43	1.3%
79620	Mays & Schnapp Pain Clinic & Rehabilitation Center	Shelby	2	0	2	5,140	10,018	2,570	5,140	100.0%
79295	Memphis Surgery Center	Shelby	4	1	5	1,852	5,813	370	137	7.4%
79639	Methodist Surgery Center Germantown	Shelby	4	1	5	6,387	13,026	1,277	2,636	41.3%
79633	Midtown Surgery Center	Shelby	4	0	4	1,828	3,424	457	1,241	67.9%
79646	North Surgery Center	Shelby	4	1	5	3,242	5,224	648	1,956	60.3%
79694	Semmes--Murphey Clinic	Shelby	3	2	5	3,027	4,177	605	2,172	71.8%
79724	Surgery Center at Saint Francis	Shelby	4	2	6	5,596	9,321	933	2,918	52.1%
	PRIMARY SERVICE AREA		**45**	**10**	**55**	**45,986**	**76,658**	**836**	**26,125**	**56.8%**

2010 Joint Annual Report of ASTC's

State ID	Facility Name	County	O.R.'s	Procedure Rooms	Total Surgical Rooms	Total Cases	Total Procedures	Cases Per Surgical Room	Orthopedic & Pain Management Cases	Orthopedic and Pain Management Percent of Total
79669	Baptist Germantown Surgery Center	Shelby	6	1	7	3,768	7,441	538	1,534	40.7%
79691	Campbell Clinic Surgery Center	Shelby	4	1	5	6,619	15,209	1,324	6,619	100.0%
79614	East Memphis Surgery Center	Shelby	6	2	8	6,013	11,565	752	1,836	30.5%
79603	LeBonheur East Surgery Center II	Shelby	4	0	4	3,579	5,810	895	32	0.9%
79620	Mays & Schnapp Pain Clinic & Rehabilitation Center	Shelby	2	0	2	4,976	9,991	2,488	4,976	100.0%
79295	Memphis Surgery Center	Shelby	4	1	5	3,385	3,438	677	368	10.9%
79639	Methodist Surgery Center Germantown	Shelby	4	1	5	6,208	12,388	1,242	3,147	50.7%
79633	Midtown Surgery Center	Shelby	4	0	4	1,911	3,512	478	1,330	69.6%
79646	North Surgery Center	Shelby	4	1	5	3,121	5,135	624	2,043	65.5%
79694	Semmes--Murphey Clinic	Shelby	3	2	5	3,081	4,340	616	2,174	70.6%
79724	Surgery Center at Saint Francis	Shelby	4	2	6	5,803	5,803	967	2,872	49.5%
	PRIMARY SERVICE AREA		**45**	**11**	**56**	**48,464**	**84,632**	**865**	**26,931**	**55.6%**

2011 Joint Annual Report of ASTC's

State ID	Facility Name	County	O.R.'s	Procedure Rooms	Total Surgical Rooms	Total Cases	Total Procedures	Cases Per Surgical Room	Orthopedic & Pain Management Cases	Orthopedic and Pain Management Percent of Total
79669	Baptist Germantown Surgery Center	Shelby	5	0	5	3,515	7,470	703	1,391	39.6%
79691	Campbell Clinic Surgery Center	Shelby	4	1	5	7,008	15,127	1,402	7,008	100.0%
79614	East Memphis Surgery Center	Shelby	6	2	8	5,987	10,910	748	1,660	27.7%
79603	LeBonheur East Surgery Center II	Shelby	4	0	4	3,256	5,425	814	28	0.9%
79620	Mays & Schnapp Pain Clinic & Rehabilitation Center	Shelby	2	0	2	5,466	11,117	2,733	5,466	100.0%
79295	Memphis Surgery Center	Shelby	4	1	5	2,698	6,922	540	216	8.0%
79639	Methodist Surgery Center Germantown	Shelby	4	1	5	5,988	11,502	1,198	2,939	49.1%
79633	Midtown Surgery Center	Shelby	4	0	4	1,705	3,455	426	1,278	75.0%
79646	North Surgery Center	Shelby	4	1	5	3,285	5,391	657	2,133	64.9%
79694	Semmes--Murphey Clinic	Shelby	3	2	5	3,904	5,882	781	2,904	74.4%
79724	Surgery Center at Saint Francis	Shelby	4	2	6	5,498	9,298	916	2,837	51.6%
	PRIMARY SERVICE AREA		**44**	**10**	**54**	**48,310**	**92,499**	**895**	**27,860**	**57.7%**

Table Twelve-F (SUPPLEMENTAL): Campbell Clinic Surgery Center
Historic Utilization of Alternative Surgery Centers With Orthopedic/Pain Management Services (Cases Per Room)
Tennessee Primary Service Area

2009 Joint Annual Report of ASTC's

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79691	Campbell Clinic Surgery Center	Shelby	4	1	5	6,506	6,506	1,301	6,506	100.0%
79614	East Memphis Surgery Center	Shelby	6	1	7	5,987	5,987	855	1,998	33.4%
79603	LeBonheur East Surgery Center II	Shelby	4	0	4	3,218	5,346	805	43	1.3%
79620	Mays & Schnapp Pain Clinic & Rehabilitation Center	Shelby	2	0	2	5,140	10,018	2,570	5,140	100.0%
79295	Memphis Surgery Center	Shelby	4	1	5	1,852	5,813	370	137	7.4%
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79724	Surgery Center at Saint Francis	Shelby	4	2	6	5,596	9,321	933	2,918	52.1%
	PRIMARY SERVICE AREA		**45**	**10**	**55**	**45,986**	**76,658**	**836**	**26,125**	**56.8%**

2010 Joint Annual Report of ASTC's

State ID	Facility Name	County	O.R.'s	Procedure Rooms	Total Surgical Rooms	Total Cases	Total Procedures	Cases Per Surgical Room	Orthopedic & Pain Management Cases	Orthopedic and Pain Management Percent of Total
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79620	Mays & Schnapp Pain Clinic & Rehabilitation Center	Shelby	2	0	2	4,976	9,991	2,488	4,976	100.0%
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79724	Surgery Center at Saint Francis	Shelby	4	2	6	5,803	5,803	967	2,872	49.5%
	PRIMARY SERVICE AREA		**45**	**11**	**56**	**48,464**	**84,632**	**865**	**26,931**	**55.6%**

2011 Joint Annual Report of ASTC's

State ID	Facility Name	County	O.R.'s	Procedure Rooms	Total Surgical Rooms	Total Cases	Total Procedures	Cases Per Surgical Room	Orthopedic & Pain Management Cases	Orthopedic and Pain Management Percent of Total
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79691	Campbell Clinic Surgery Center	Shelby	4	1	5	7,008	15,127	1,402	7,008	100.0%
79614	East Memphis Surgery Center	Shelby	6	2	8	5,987	10,910	748	1,660	27.7%
79603	LeBonheur East Surgery Center II	Shelby	4	0	4	3,256	5,425	814	28	0.9%
79620	Mays & Schnapp Pain Clinic & Rehabilitation Center	Shelby	2	0	2	5,466	11,117	2,733	5,466	100.0%
79295	Memphis Surgery Center	Shelby	4	1	5	2,698	6,922	540	216	8.0%
79639	Methodist Surgery Center Germantown	Shelby	4	1	5	5,988	11,502	1,198	2,939	49.1%
79633	Midtown Surgery Center	Shelby	4	0	4	1,705	3,455	426	1,278	75.0%
79646	North Surgery Center	Shelby	4	1	5	3,285	5,391	657	2,133	64.9%
79694	Semmes--Murphey Clinic	Shelby	3	2	5	3,904	5,882	781	2,904	74.4%
79724	Surgery Center at Saint Francis	Shelby	4	2	6	5,498	9,298	916	2,837	51.6%
	TN PRIMARY SERVICE AREA		**44**	**10**	**54**	**48,310**	**92,499**	**895**	**27,860**	**57.7%**
MS	Baptist DeSoto Surgery Center	DeSoto MS	3	1	4	2,635	Not Reprtd	659	Not Reprtd	Not Reprtd
	PRIMARY SERVICE AREA INCLUDING MS		**47**	**11**	**58**	**50,945**	**NA**	**878**	**NA**	**NA**

C(I).6. PROVIDE APPLICABLE UTILIZATION AND/OR OCCUPANCY STATISTICS FOR YOUR INSTITUTION FOR EACH OF THE PAST THREE (3) YEARS AND THE PROJECTED ANNUAL UTILIZATION FOR EACH OF THE TWO (2) YEARS FOLLOWING COMPLETION OF THE PROJECT. ADDITIONALLY, PROVIDE THE DETAILS REGARDING THE METHODOLOGY USED TO PROJECT UTILIZATION. THE METHODOLOGY MUST INCLUDE DETAILED CALCULATIONS OR DOCUMENTATION FROM REFERRAL SOURCES, AND IDENTIFICATION OF ALL ASSUMPTIONS.

Historic and Projected Utilization of the Campbell Clinic

Table Thirteen-A on the next page shows the historic utilization of the Campbell Clinic Surgery Center during the most recent seven years. Cases increased steadily at a compound annual growth rate (CAGR) of more than 10% a year. Even over the last three years, during which several surgeons retired or relocated, the compound annual growth rate has been almost 6% a year (5.9%).

Table Thirteen-B below projects room utilization from this year through CY2019, Year Six of the expanded facility. CY2012 has had a temporary slowing of growth (3.1%) due to temporary physician absences early in the year; so CY2012's caseload increase over CY2011 is projected at 4.5%. Thereafter, the applicant projects a rapid annual increase in cases, based on major additions to the surgical staff in late CY2012 and CY2013, and the availability of more operating rooms and procedure rooms by CY2014. CCSC plans to open two more operating rooms and one more procedure room by January 2014. Two additional new operating rooms will be shelled in during this proposed expansion, and used for storage until needed (after Year Six, as currently estimated). Throughout the projection period, overall average utilization per staffed room will significantly exceed the State Guideline of 800 cases or procedures per surgical room. On a case basis, in Year Two it will operate at 154% of the Guideline. On a procedure basis, in Year Two it will operate at 323% of the Guideline.

Table Thirteen-C below provides case times and calculates efficiency of room use-- for orthopaedic and pain management cases separately. This is possible because pain cases will be scheduled into two dedicated rooms and only orthopaedic cases are anticipated in the other surgical rooms. In Year Six, based on a time analysis, the

proposed eight staffed rooms as a group will be utilized above 86% of capacity, with the six-room orthopaedic area utilized at almost 90%. After Year Six the remaining two shelled operating rooms will be opened for orthopaedic cases. But it is necessary to shell them in at the same time the other rooms are completed, because of their internal location.

Table Thirteen-A: CCSC Total Utilization and Average Utilization Per Room CY2005-CY2011							
	2005	**2006**	**2007**	**2008**	**2009**	**2010**	**2011**
Surgical Rooms	5	5	5	5	5	5	5
Cases	4,119	5,484	5,781	6,449	6,585	6,795	7,387
Cases/Room	*824*	*1,097*	*1,156*	*1,290*	*1,317*	*1,359*	*1,477*
Ann. % Change	--	*+33.1%*	*+5.4%*	*+11.6%*	*+2.1%*	*+3.2%*	*+8.7%*
CAGR 2005-11	--	--	--	--	--	--	*+10.2%*
CAGR 09-11	--	--	--	--	--	--	*+5.9%*
Procedures	8,600	11,310	11,929	15,647	15,582	15,327	15,544
Proced./Room	*1,720*	*2,262*	*2,386*	*3,129*	*3,116*	*3,065*	*3,109*
Ann. % Change	--	*+31.5%*	*+5.5%*	*+31.2%*	*-0.4%*	*-1.6%*	*+1.4%*
CAGR 2005-11	--	--	--	--	--	--	*+10.3%*
CAGR 2009-11	--	--	--	--	--	--	*-0.2%*
Procedures/Case	2.1	2.1	2.1	2.4	2.4	2.3	2.1

Source: Facility records

Notes: Data is from facility records on a calendar year basis, not the JAR reporting year ending June 30. CAGR = compound annual growth rate during a specified period.

Table Thirteen-B: CCSC Projected Total Utilization and Average Utilization Per Room With Eight Rooms Operational CY2012-CY2019 (Year 6)								
	2012	**2013**	**Yr 1 2014**	**Yr 2 2015**	**Yr 3 2016**	**Yr 4 2017**	**Yr 5 2018**	**Yr 6 2019**
Surgical Rooms	5	5	8	8	8	8	8	8
Case Increase	+4.5%	+10.4%	+6.5%	+7.2%	+6%	+6%	+6%	+6%
Total Cases	7,719	8,617	9,173	9,832	10,422	11,047	11,710	12,413
Cases/ Room	*1,544*	*1,723*	*1,147*	*1,229*	*1,303*	*1,381*	*1,464*	*1,552*
Proced./Case	2.1	2.1	2.1	2.1	2.1	2.1	2.1	2.1
Tot. Procedures	16,210	18,096	19,263	20,647	21,886	23,199	24,591	26,067
Proced./ Room	*3,242*	*3,619*	*2,408*	*2,581*	*2,736*	*2,900*	*3,074*	*3,258*

Source: Facility Administration

Note: CCSC will phase the opening of its five new rooms as caseloads increase over time, so that they will be staffed cost-effectively. All five new room spaces must be constructed simultaneously because of their internal location. Two new OR's and one new procedure room will be opened in CY2014, with the other two new OR spaces shelled in and used for storage until after Year 6.

Table Thirteen-C: Utilization of Proposed Surgical Rooms By Specialty & By Time Year Two (CY2015) and Year Six (CY2019)							
Project Year	**Case Mix**	**Total Cases**	**Average Minutes Per Case**	**Total Minutes Needed**	**No. of Surgical Rooms**	**Available Minutes**	**Percent of Room Capacity Utilized**
Year Two							
Orthopaedic	40%	3,933	130"	511,264	6	720,000	71.0%
Pain Mgt	60%	5,899	25"	147,480	2	240,000	61.5%
Total	100%	9,832	--	658,744	8	960,000	**68.6%**
Year Six							
Orthopaedic	40%	4,965	130"	645,476	6	720,000	89.6%
Pain Mgt	60%	7,448	25"	186,195	2	240,000	77.6%
Total	100%	12,413	--	831,671	8	960,000	**86.6%**

Source: Facility Administration.

C(II)1. PROVIDE THE COST OF THE PROJECT BY COMPLETING THE PROJECT COSTS CHART ON THE FOLLOWING PAGE. JUSTIFY THE COST OF THE PROJECT.

• ALL PROJECTS SHOULD HAVE A PROJECT COST OF AT LEAST $3,000 ON LINE F (MINIMUM CON FILING FEE). CON FILING FEE SHOULD BE CALCULATED ON LINE D.

• THE COST OF ANY LEASE (BUILDING, LAND, AND/OR EQUIPMENT) SHOULD BE BASED ON FAIR MARKET VALUE OR THE TOTAL AMOUNT OF THE LEASE PAYMENTS OVER THE INITIAL TERM OF THE LEASE, WHICHEVER IS GREATER. NOTE: THIS APPLIES TO ALL EQUIPMENT LEASES INCLUDING BY PROCEDURE OR "PER CLICK" ARRANGEMENTS. THE METHODOLOGY USED TO DETERMINE THE TOTAL LEASE COST FOR A "PER CLICK" ARRANGEMENT MUST INCLUDE, AT A MINIMUM, THE PROJECTED PROCEDURES, THE "PER CLICK" RATE AND THE TERM OF THE LEASE.

• THE COST FOR FIXED AND MOVEABLE EQUIPMENT INCLUDES, BUT IS NOT NECESSARILY LIMITED TO, MAINTENANCE AGREEMENTS COVERING THE EXPECTED USEFUL LIFE OF THE EQUIPMENT; FEDERAL, STATE, AND LOCAL TAXES AND OTHER GOVERNMENT ASSESSMENTS; AND INSTALLATION CHARGES, EXCLUDING CAPITAL EXPENDITURES FOR PHYSICAL PLANT RENOVATION OR IN-WALL SHIELDING, WHICH SHOULD BE INCLUDED UNDER CONSTRUCTION COSTS OR INCORPORATED IN A FACILITY LEASE.

• FOR PROJECTS THAT INCLUDE NEW CONSTRUCTION, MODIFICATION, AND/OR RENOVATION; DOCUMENTATION MUST BE PROVIDED FROM A CONTRACTOR AND/OR ARCHITECT THAT SUPPORT THE ESTIMATED CONSTRUCTION COSTS.

The architect's letter supporting the construction cost estimate is provided in Attachment C, Economic Feasibility--1.

The Project Cost Chart below does not include anything but Section B costs, because the applicant's only cost is its lease of the completed property. The lessor is incurring all project costs to develop the project "turnkey" for the applicant.

For a leased project, HSDA staff requires that an applicant make two alternative calculations, and use the higher result in line B.2. The two alternative methods are the Lease Outlay method (total lease payments over the first term of the lease) and the Project Value method (actual market value of the space being leased, according to an appraisal or the cost of its development). Both calculations are shown on the following page. The Project Value method (costs of the lessor) resulted in the greater cost. It was used in Section B.2 of the Project Cost Chart, as required by HSDA staff rules.

Alternative A: Lease Outlay Method:

The lease now in effect will be extended for 20 years starting January 1, 2014, and the lease rate will be set at $31 PSF. The additional space being provided is 20,936 SF. Over 20 years, the CON applicant will have an additional lease outlay of 20 X $31 X 20,936 SF of additional space = $12,980,320. This is $649,016 annual additional rent attributable to the additional space.

Alternative B: Project Space and Land Fair Market Value Method:

The lessor's cost to obtain the CON on the applicant's behalf, and to complete the expansion, will be $13,277,258 as shown in the chart immediately below. The chart includes the lessor's actual capital costs, and 16.5% of the appraised value of Lot 5B. (Lot 5B was appraised in 2011 for $3,500,000; but only16.5% of Lot 5B will be occupied by this expansion and its related parking and circulation drives.)

Lessor's Costs of Developing the Project "Turnkey" to Lease to the CON Applicant)		
A. Construction & Equipment Purchased		
1. A&E Fees	$578,000	8.5% of A5
2. Legal, Administrative, Consultant Fees	60,000	
3. Acquisition of Site	0	
4. Preparation of Site	425,000	
5. Construction Cost	6,800,000	
6. Contingency	680,000	10% of A5
7. Fixed Equipment	950,500	
8. Moveable Equipment	2,848,483	
9. Other (IT, telecomm. misc.)	18,945	
B. Acquisition by Gift, Donation, or Lease		
1. Facility (Building+Land)	0	
2. Building Only	0	
3. Land Only (16.5% of Lot 5B)	577,500	using 16.5% of its FMV
4. Equipment (Specify)	0	
5. Other (Specify)	0	
C. Financing Costs & Fees	309,023	A1-9 X .5 X 5%
1. Interim Interest		
2. Underwriting Costs	0	
3. Reserve for 1 Yr Debt Service	0	
4. Other (Specify)	0	
D. Estimated Project Cost (A+B+C)	$13,247,451	
E. CON Filing Fee	$29,807	$2.25/$1000 of D
F. Total Estimated Project Cost (D+E)	$13,277,258	Cost for CON Purposes
NOTE: actual capital cost to be financed	*$12,699,758*	*Does not include B*

PROJECT COSTS CHART--CAMPBELL CLINIC SURGERY CENTER EXPANSION

A.	Construction and equipment acquired by purchase:	
1.	Architectural and Engineering Fees	$
2.	Legal, Administrative, Consultant Fees (Excl CON Filing)	
3.	Acquisition of Site	
4.	Preparation of Site	
5.	Construction Cost	
6.	Contingency Fund	
7.	Fixed Equipment (Not included in Construction Contract)	
8.	Moveable Equipment (List all equipment over $50,000)	
9.	Other (Specify) IT, Telecommunications, furnishings, misc. A1-A9	
B.	Acquisition by gift, donation, or lease:	
1.	Facility (inclusive of building and land)	
2.	Building only lessor's cost, Sec.F from other chart	13,277,258
3.	Land only	
4.	Equipment (Specify)	
5.	Other (Specify)	
C.	Financing Costs and Fees:	
1.	Interim Financing	
2.	Underwriting Costs	
3.	Reserve for One Year's Debt Service	
4.	Other (Specify)	
D.	Estimated Project Cost (A+B+C)	13,277,258
E.	CON Filing Fee	
F.	Total Estimated Project Cost (D+E)	**TOTAL $** 13,277,258

Actual Capital Cost	0
Section B FMV	13,277,258

ITEMS OF EQUIPMENT COSTING IN EXCESS OF $50,000

EQUIPMENT	COST
Steris Video Lab	$199,187.86
Anesthesia Machine	$60,000
Steris Surgical Lights with Camera	$79,719.00
GE OEC 9900 C-Arm	$129,208.50
Steris Autoclave	$149,697.95
Instrument Washer	$50,426.54

C(II).2. IDENTIFY THE FUNDING SOURCES FOR THIS PROJECT.

a. PLEASE CHECK THE APPLICABLE ITEM(S) BELOW AND BRIEFLY SUMMARIZE HOW THE PROJECT WILL BE FINANCED. (DOCUMENTATION FOR THE TYPE OF FUNDING MUST BE INSERTED AT THE END OF THE APPLICATION, IN THE CORRECT ALPHANUMERIC ORDER AND IDENTIFIED AS ATTACHMENT C, ECONOMIC FEASIBILITY--2).

___x__A. Commercial Loan--Letter from lending institution or guarantor stating favorable initial contact, proposed loan amount, expected interest rates, anticipated term of the loan, and any restrictions or conditions;

_____B. Tax-Exempt Bonds--copy of preliminary resolution or a letter from the issuing authority, stating favorable contact and a conditional agreement from an underwriter or investment banker to proceed with the issuance;

_____C. General Obligation Bonds--Copy of resolution from issuing authority or minutes from the appropriate meeting;

_____D. Grants--Notification of Intent form for grant application or notice of grant award;

_____E. Cash Reserves--Appropriate documentation from Chief Financial Officer; or

_____F. Other--Identify and document funding from all sources.

The project will be funded/financed by a 100% loan from First Tennessee Bank, made to the lessor of the property, the Campbell Clinic, P.C. Documentation of financing is provided in Attachment C, Economic Feasibility--2.

C(II).3. DISCUSS AND DOCUMENT THE REASONABLENESS OF THE PROPOSED PROJECT COSTS. IF APPLICABLE, COMPARE THE COST PER SQUARE FOOT OF CONSTRUCTION TO SIMILAR PROJECTS RECENTLY APPROVED BY THE HSDA.

The justification of costs was provided in an earlier section, repeated here:

The 2009-2011 ambulatory surgery center construction projects approved by the HSDA had the following costs per SF:

Table Three: Ambulatory Surgery Center Construction Cost PSF Years: 2009 – 2011			
	Renovated Construction	**New Construction**	**Total Construction**
1st Quartile	$40.09/sq ft	$200.00/sq ft	$54.06/sq ft
Median	$100.47/sq ft	$252.74/sq ft	$134.57/sq ft
3rd Quartile	$195.00/sq ft	$371.75/sq ft	$252.74/sq ft

Source: HSDA; CON approved applications for years 2009-2011

This project is consistent with those ranges. The estimated $6,770,852 construction cost for the project is approximately $244 PSF overall (for 27,720 SF of new areas plus renovated areas). Within this average, the estimated new construction cost for 20,936 new SF is approximately $293 PSF; and the estimated renovation cost for 6,784 renovated SF is approximately $95 PSF.

Table Four: Construction Costs			
	Renovated Construction	**New Construction**	**Total Project**
Square Feet	6,784 SF	20,936 SF	27,720 SF
Construction Cost	$644,718	$6,126,134	$6,770,852
Constr. Cost PSF	$95.04	$292.61	$244.26

C(II).4. COMPLETE HISTORICAL AND PROJECTED DATA CHARTS ON THE FOLLOWING TWO PAGES--DO NOT MODIFY THE CHARTS PROVIDED OR SUBMIT CHART SUBSTITUTIONS. HISTORICAL DATA CHART REPRESENTS REVENUE AND EXPENSE INFORMATION FOR THE LAST THREE (3) YEARS FOR WHICH COMPLETE DATA IS AVAILABLE FOR THE INSTITUTION. PROJECTED DATA CHART REQUESTS INFORMATION FOR THE TWO YEARS FOLLOWING COMPLETION OF THIS PROPOSAL. PROJECTED DATA CHART SHOULD INCLUDE REVENUE AND EXPENSE PROJECTIONS FOR THE PROPOSAL ONLY (I.E., IF THE APPLICATION IS FOR ADDITIONAL BEDS, INCLUDE ANTICIPATED REVENUE FROM THE PROPOSED BEDS ONLY, NOT FROM ALL BEDS IN THE FACILITY).

See the following pages for these charts, with notes where applicable.

HISTORICAL DATA CHART -- CAMPBELL CLINIC SURGERY CENTER

Give information for the last three (3) years for which complete data are available for the facility or agency.
The fiscal year begins in January.

		Year 2009	Year 2010	Year 2011
A.	Utilization Data (Cases / Procedures)	6585 / 15,582	6795 / 15,327	7387 / 15,544
B.	Revenue from Services to Patients			
1.	Inpatient Services	$ 0	0	0
2.	Outpatient Services	36,385,532	37,663,936	42,703,462
3.	Emergency Services	0	0	0
4.	Other Operating Revenue	0	0	0
	(Specify) _____			
	Gross Operating Revenue	$ 36,385,532	$ 37,663,936	$ 42,703,462
C.	Deductions for Operating Revenue			
1.	Contractual Adjustments	$ 26,268,102	27,835,172	32,801,258
2.	Provision for Charity Care	0	0	0
3.	Provisions for Bad Debt	2,480	970	1,016
	Total Deductions	$ 26,270,582	$ 27,836,142	$ 32,802,274
NET OPERATING REVENUE		$ 10,114,950	$ 9,827,794	$ 9,901,188
D.	Operating Expenses			
1.	Salaries and Wages	$ 2,586,953	2,459,982	2,546,541
2.	Physicians Salaries and Wages	0	0	0
3.	Supplies	2,987,175	2,833,842	3,036,551
4.	Taxes	245,520	271,828	249,203
5.	Depreciation	159,005	278,209	300,453
6.	Rent	639,894	660,696	377,759
7.	Interest, other than Capital	8,636	(2,360)	1,635
8.	Management Fees	0	0	0
	a. Fees to Affiliates	0	0	0
	b. Fees to Non-Affiliates	0	0	0
9.	Other Expenses (Specify) See notes	547,335	580,175	616,389
	Total Operating Expenses	$ 7,174,517	7,037,388	7,128,530
E.	Other Revenue (Expenses) -- Net (Specify)	$	$	$ 0
NET OPERATING INCOME (LOSS)		$ 2,949,548	$ 2,793,377	$ 2,772,658
F.	Capital Expenditures			
1.	Retirement of Principal	$	$	$
2.	Interest			
	Total Capital Expenditures	$ 0	$ 0	$ 0
NET OPERATING INCOME (LOSS) LESS CAPITAL EXPENDITURES		$ 2,949,548	$ 2,793,377	$ 2,772,658

SUPPLEMENTAL

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Historic Data Chart--Campbell Clinic Surgery Center
D.8 Other Expenses Itemized (Revised)

	2009	2010	2011
TRASH	$21,424.85	$19,225.68	$23,560.47
CABLE	$948.96	$1,049.97	$857.37
TELEPHONE	$2,772.74	$2,584.51	$2,855.65
BLDG REPAIR/MAIN.	$80,579.49	$87,897.51	$115,206.68
JANITOR/HOUSEKEPPING	$30,345	$34,598.57	$37,737.14
SECURITY	$1,925.34	$2,040.90	$1,050.18
ACCOUNTING FEES	$13,891.53	$12,940.83	$7,798.98
UTILITIES	$121,836.92	$102,357.77	$116,587.78
BANK CHARGES	$28,148.57	$23,345.54	$22,667.99
DUES/BOOKS/SUB.	$7,258.52	$7,185.95	$2,151.80
EDUCATION/TRAINING	$780.07	$4,372	$6,935.15
LICENSES/FEES	$9,649.00	$5,337.47	$8,739.90
BUSINESS MEALS/ENT/TRAVEL	$1,481.07	$2,497.03	$3,927.57
PROF/GEN/LIABILITY INS	$42,563.00	$38,971.00	$41,040.77
INFO TECH OUTSIDE SERVICE	$12,809.03	$14,054.06	$17,059.87
OFFICE SUPPLIES	$39,742.61	$39,985.74	$47,103.72
POSTAGE/SHIP/COURIER	$48,453.08	$44,413.17	$56,922.63
PRO FEES/COLLECTIONS	$26,038.51	$32,733.08	$37,317.96
PRO FEES/TRANSCRIPTION	$53,101.75	$56,668.56	$55,636.10
PRO FEES/CONSULTANTS	$380.00	$100.00	$1,200.00
OFFICE EQUP.R&M	$1,805.00	$1,301.00	$969.01
MINOR OFFICE EQUIPMENT	$258.66	$1,077.66	$7,596.05
CONTRIBUTIONS	$0	$0	$1,000.00
MARKETING	$1,141	$453	$466.23
TOTAL	**$547,335**	**$535,191.00**	**$616,389**

PROJECTED DATA CHART--CAMPBELL CLINIC ASTC

Give information for the two (2) years following the completion of this proposal.
The fiscal year begins in January.

			Year 2014	Year 2015
		Cases:	9173	9832
A.	Utilization Data	Procedures:	19,263	20,647
B.	Revenue from Services to Patients			
	1. Inpatient Services		$ 0	$ 0
	2. Outpatient Services		58,454,601	62,904,670
	3. Emergency Services		0	0
	4. Other Operating Revenue (Specify)		0	0
		Gross Operating Revenue	$ 58,454,601	$ 62,904,670
C.	Deductions for Operating Revenue			
	1. Contractual Adjustments		$ 44,519,143	47,933,359
	2. Provision for Charity Care		0	0
	3. Provisions for Bad Debt		373,990	377,428
		Total Deductions	$ 44,893,133	$ 48,310,787
NET OPERATING REVENUE			$ 13,561,468	$ 14,593,883
D.	Operating Expenses			
	1. Salaries and Wages		$ 3,156,480	$ 3,593,395
	2. Physicians Salaries and Wages		0	0
	3. Supplies		3,936,389	4,251,300
	4. Taxes		225,000	225,000
	5. Depreciation		430,000	430,000
	6. Rent		1,028,208	1,028,208
	7. Interest, other than Capital		0	0
	8. Management Fees		0	0
	a. Fees to Affiliates		0	0
	b. Fees to Non-Affiliates		0	0
	9. Other Expenses (Specify)	See notes	734,129	778,177
		Total Operating Expenses	$ 9,510,206	$ 10,306,080
E.	Other Revenue (Expenses) -- Net (Specify)		$ 0	$ 0
NET OPERATING INCOME (LOSS)			$ 4,051,262	$ 4,287,803
F.	Capital Expenditures			
	1. Retirement of Principal		$ 0	$ 0
	2. Interest		0	0
		Total Capital Expenditures	$ 0	$ 0
NET OPERATING INCOME (LOSS) LESS CAPITAL EXPENDITURES			$ 4,051,262	$ 4,287,803

Projected Data Chart -- Campbell Clnic Surgery Center
D.8 Other Expenses Itemized

	2014	2015
TRASH	$29,256.36	$31,358.18
CABLE	$1,714.74	$2,572.11
TELEPHONE	$3,545.58	3800.83
BLDG REPAIR/MAIN.	$91,818.67	$90,798.76
JANITOR/HOUSEKEPPING	$46,861	$50,227.45
SECURITY	$1,304.09	$1,397.78
ACCOUNTING FEES	$9,684.59	$10,380.34
UTILITIES	$153,461.45	$164,486.32
BANK CHARGES	$28,148.57	$30,170.08
DUES/BOOKS/SUB.	$2,500.00	$2,500.00
EDUCATION/TRAINING	$8,000.00	$8,213
LICENSES/FEES	$10,852.99	$11,632.69
BUSINESS MEALS/ENT/TRAVEL	$14,000.00	$14,500.00
PROF/GEN/LIABILITY INS	$50,963.45	$54,624.73
INFO TECH OUTSIDE SERVICE	$21,184.54	$22,706.46
OFFICE SUPPLIES	$58,492.27	$62,694.43
POSTAGE/SHIP/COURIER	$73,512.57	$78,793.81
PRO FEES/COLLECTIONS	$46,340.55	$49,669.71
PRO FEES/TRANSCRIPTION	$69,087.58	$74,050.92
PRO FEES/CONSULTANTS	$1,200.00	$1,400.00
OFFICE EQUP.R&M	$1,000.00	$1,200.00
MINOR OFFICE EQUIPMENT	$8,000.00	$8,000.00
CONTRIBUTIONS	$2,000	$2,000
MARKETING	$1,200	$1,200
TOTAL	**$734,129**	**$778,177.00**

C(II).5. PLEASE IDENTIFY THE PROJECT'S AVERAGE GROSS CHARGE, AVERAGE DEDUCTION FROM OPERATING REVENUE, AND AVERAGE NET CHARGE.

Table Fourteen: Average Charges, Deductions, and Net Charges		
	CY2014	**CY2015**
Surgical Procedures	19,263	20,647
Surgical Cases	9,173	9,832
Average Gross Charge Per Procedure	$3,035	$3,047
Average Gross Charge Per Case	$6,372	$6,398
Average Deduction Per Procedure	$2,331	$2,340
Average Deduction Per Case	$4,894	$4,914
Average Net Charge (Net Operating Revenue) Per Procedure	$704	$707
Average Net Charge (Net Operating Revenue) Per Case	$1,478	$1,484
Average Net Operating Income Per Procedure After Expenses and Capital Expenditures	$210	$208
Average Net Operating Income Per Case After Expenses and Capital Expenditures	$442	$436

Source: Projected Data Chart

C(II).6.A. PLEASE PROVIDE THE CURRENT AND PROPOSED CHARGE SCHEDULES FOR THE PROPOSAL. DISCUSS ANY ADJUSTMENT TO CURRENT CHARGES THAT WILL RESULT FROM THE IMPLEMENTATION OF THE PROPOSAL. ADDITIONALLY, DESCRIBE THE ANTICIPATED REVENUE FROM THE PROPOSED PROJECT AND THE IMPACT ON EXISTING PATIENT CHARGES.

The following page contains a table showing the most frequent procedures to be performed, with their current Medicare reimbursement, their current average gross charges, and projected Years One and Two average gross charges--by orthopaedic and pain management procedures, separately.

For the facility as a whole, over the three-year period from CY2011 to CY2014, the applicant projects an approximate 3.3-3.5% annual increase in overall charges and revenues per case. This is a normal increase, not attributable to the addition of debt service for the project.

Table Fifteen: Applicant's Projected Change in Net Revenue Per Case

	CY2011 Actual	CY2014 Projected	Ann.Rev. Increase (CAGR)
Gross Charges	$42,703,462	$58,454,601	--
Net Revenues	$9,901,188	$13,561,468	--
Cases	7,387	9,173	--
Procedures	15,544	19,263	--
Gross Charge Per Case	$5,781	$6,372	3.3%
Net Revenue Per Case	$1,340	$1,478	3.3%
Gross Charge Per Procedure	$2,747	$3,035	3.4%
Net Revenue Per Procedure	$637	$704	3.5%

Source: Historic and Projected Data Charts.
Notes:
1. CAGR means compound annual growth rate.
2. Gross revenues are the facility's initial "sticker" charges before incurring contractual discounts/adjustments and losses from bad debt. Net revenues are the amounts later received from payors, after bad debt write-offs and downward adjustments for discounts given to payors under annual contracts.

Table Sixteen: Campbell Clinic Surgery Center Charge Data for Most Frequent Procedures

SERVICE: ORTHOPEDIC SURGERY

CPT	Descriptor	Current Medicare Allowable	Average Gross Charge		
			Current	Year 1	Year 2
29881	Arthscope, Knee with Men. Rep.	$1,158	$10,436	$10,853	$11,287
29888	Arthrosopic Aided ACL Recon.	$3,455	$10,537	$10,959	$11,397
26055	Tendon Sheath Inc. Trigger Fin.	$669	$1,612	$1,677	$1,744
20680	Removal hardware/Deep	$905	$3,367	$3,502	$3,642
28285	Correction of hammertoe	$859	$3,962	$4,121	$4,286
64721	Neuroplasty/Carpal Tunnel	$735	$3,179	$3,306	$3,438
29826	Subacromial Decomp. Shoulder	$1,158	$7,727	$8,036	$8,357
20670	Removal Implant/Superficial	$661	$1,289	$1,341	$1,395
28296	Mitchell/Chevron Bunionectomy	$1,273	$6,420	$6,677	$6,944
25111	Excision of Ganglion/ Wrist	$859	$2,009	$2,089	$2,173
29827	Arthrosc/Shoulder with R.C. Rep.	$2,219	$7,959	$8,277	$8,608
27680	Tedonlysis/Extensor/Ankle	$1,262	$5,163	$5,370	$5,582
64718	Neuroplasty/Cranial Nerve	$735	$3,884	$4,039	$4,201
29806	Arthrosc/Shoulder Surg. Capsulo	$2,219	$10,959	$11,397	$11,853
29880	Arthroscope,Knee with Menisec.	$1,158	$10,714	$11,143	$11,589
28288	Ostectomy, Partial Exos./Condyle.	$859	$2,046	$2,128	$2,213

SERVICE: PAIN MANAGEMENT

CPT	Descriptor	Current Medicare Allowable	Average Gross Charge		
			Current	Year 1	Year 2
64483	Anesth./Steroid, Transforam. Inj.	$290	$1,380	$1,436	$1,493
64484	Inj. Anes/Steroid Epidural, Ad Lev	$151	$874	$966	$1,006
62311	Injection/Lumbar-Sacral caudle	$290	$1,536	$1,597	$1,661
62310	Inj. Single Cervical/Thoracic	$290	$1,576	$1,639	$1,705
64494	2nd level Facet/Paravertebral	$101	$905	$941	$979
64495	3rd level Facet/Paravertebral	$101	$910	$964	$1,003
G0260	Si Joint Injection	$290	$941	$979	$1,018
64491	2nd level Facet - Cervical/Thorac.	$101	$817	$850	$884

Source: Clinic Administration

C(II).6.B. COMPARE THE PROPOSED CHARGES TO THOSE OF SIMILAR FACILITIES IN THE SERVICE AREA/ADJOINING SERVICE AREAS, OR TO PROPOSED CHARGES OF PROJECTS RECENTLY APPROVED BY THE HSDA. IF APPLICABLE, COMPARE THE PROJECTED CHARGES OF THE PROJECT TO THE CURRENT MEDICARE ALLOWABLE FEE SCHEDULE BY COMMON PROCEDURE TERMINOLOGY (CPT) CODE(S).

Joint Annual Report charge data (2011) for the applicant and the ten other comparable service area ASTC's are presented in Table Seventeen on the following page. The table ranks providers by net revenue per case and per procedure--which reflects actual costs of care to payors. The Campbell Clinic is well within the service area range of charges. It is among the lowest (9th of 11) in net revenues per procedure, and is above the median (4th of 11) in net revenues per case. However, the facilities are difficult to compare meaningfully, because their surgical specialties differ, making this an "apples to oranges" comparison. For example, CCSC is the sole facility that performs orthopaedic and pain management surgeries exclusively. No other facility has such a mix.

The comparison of the CCSC's charges to Medicare reimbursement for high-volume procedures is provided in the table on the preceding page.

C(II).7. DISCUSS HOW PROJECTED UTILIZATION RATES WILL BE SUFFICIENT TO MAINTAIN COST-EFFECTIVENESS.

The facility's current high and rapidly increasing utilization indicate that the CCSC will have sufficient operating margin to remain cost-effective.

C(II).8. DISCUSS HOW FINANCIAL VIABILITY WILL BE ENSURED WITHIN TWO YEARS; AND DEMONSTRATE THE AVAILABILITY OF SUFFICIENT CASH FLOW UNTIL FINANCIAL VIABILITY IS MAINTAINED.

This is demonstrated by the Historic and Projected Data Charts. The CCSC already has a strong positive cash flow and operating margin, and expects that both will remain strongly positive during the first two years of the expanded facility. The proposed construction will be phased to not disrupt any existing surgical areas; so no interruption of service is anticipated that would reduce revenues. The capital expense of the project, though entirely financed by debt, can be absorbed without diminishing the financial viability of the facility.

Table Seventeen: Charge Comparisons Between Ambulatory Surgery Centers In The Primary Service Area

SORTED BY NET REVENUE PER CASE

FACILITY	CASES	GROSS CHARGES	AVERAGE GROSS CHARGE PER CASE	NET REVENUE	AVERAGE NET REVENUE PER CASE
Methodist Surgery Center Germantown	5,988	$24,778,827	$4,138	$9,916,277	$2,396
East Memphis Surgery Center	5,987	$33,902,907	$5,663	$13,158,174	$2,324
LeBonheur East Surgery Center II	3,256	$9,727,245	$2,987	$6,426,887	$2,151
Campbell Clinic Surgery Center	**7,008**	**$39,910,049**	**$5,695**	**$10,226,335**	**$1,796**
Mays & Schnapp Pain Clinic & Rehabilitation Center	5,466	$16,131,357	$2,951	$4,910,456	$1,664
Semmes--Murphey Clinic	3,904	$27,234,169	$6,976	$10,831,087	$1,553
Surgery Center at Saint Francis	5,498	$29,190,322	$5,309	$7,900,056	$1,488
North Surgery Center	3,285	$12,834,438	$3,907	$4,646,161	$1,189
Baptist Germantown Surgery Center	3,515	$18,750,753	$5,334	$5,133,965	$962
Memphis Surgery Center	2,698	$18,679,327	$6,923	$3,850,572	$556
Midtown Surgery Center	1,705	$13,386,189	$7,851	$3,485,382	$444

SORTED BY NET REVENUE PER PROCEDURE

FACILITY	PROCEDURES	GROSS CHARGES	AVERAGE GROSS CHARGE PER PROCEDURE	NET REVENUE	AVERAGE NET REVENUE PER PROCEDURE
Semmes--Murphey Clinic	5,882	$27,234,169	$4,630	$10,831,087	$1,841
East Memphis Surgery Center	10,910	$33,902,907	$3,108	$13,158,174	$1,206
LeBonheur East Surgery Center II	5,425	$9,727,245	$1,793	$6,426,887	$1,185
Midtown Surgery Center	3,455	$13,386,189	$3,874	$3,485,382	$1,009
Methodist Surgery Center Germantown	11,502	$24,778,827	$2,154	$9,916,277	$862
North Surgery Center	5,391	$12,834,438	$2,381	$4,646,161	$862
Surgery Center at Saint Francis	9,298	$29,190,322	$3,139	$7,900,056	$850
Baptist Germantown Surgery Center	7,470	$18,750,753	$2,510	$5,133,965	$687
Campbell Clinic Surgery Center	**15,127**	**$39,910,049**	**$2,638**	**$10,226,335**	**$676**
Memphis Surgery Center	6,922	$18,679,327	$2,699	$3,850,572	$556
Mays & Schnapp Pain Clinic & Rehabilitation Center	11,117	$16,131,357	$1,451	$4,910,456	$442

Source: Joint Annual Reports, 2011--July 1-June 30 reporting period

C(II).9. DISCUSS THE PROJECT'S PARTICIPATION IN STATE AND FEDERAL REVENUE PROGRAMS, INCLUDING A DESCRIPTION OF THE EXTENT TO WHICH MEDICARE, TENNCARE/MEDICAID, AND MEDICALLY INDIGENT PATIENTS WILL BE SERVED BY THE PROJECT. IN ADDITION, REPORT THE ESTIMATED DOLLAR AMOUNT OF REVENUE AND PERCENTAGE OF TOTAL PROJECT REVENUE ANTICIPATED FROM EACH OF TENNCARE, MEDICARE, OR OTHER STATE AND FEDERAL SOURCES FOR THE PROPOSAL'S FIRST YEAR OF OPERATION.

Campbell Clinic Surgery Center is fully contracted to all area TennCare programs as well as to Medicare. Its CY2011 payor mix was 8% TennCare and 15% Medicare. Based on annualizing the first two quarters of CY2012, its CY2012 payor mix in these programs will increase to 8.5% TennCare and 16.6% Medicare, in Year One of this project.

Table Eighteen: Medicare and TennCare/Medicaid Revenues, Year One (CY2014)		
	Medicare	**TennCare/Medicaid**
Gross Revenue	$9,703,464	$4,968,641
Percent of Gross Revenue	16.6%	8.5%

C(II).10. PROVIDE COPIES OF THE BALANCE SHEET AND INCOME STATEMENT FROM THE MOST RECENT REPORTING PERIOD OF THE INSTITUTION, AND THE MOST RECENT AUDITED FINANCIAL STATEMENTS WITH ACCOMPANYING NOTES, IF APPLICABLE. FOR NEW PROJECTS, PROVIDE FINANCIAL INFORMATION FOR THE CORPORATION, PARTNERSHIP, OR PRINCIPAL PARTIES INVOLVED WITH THE PROJECT. COPIES MUST BE INSERTED AT THE END OF THE APPLICATION, IN THE CORRECT ALPHANUMERIC ORDER AND LABELED AS ATTACHMENT C, ECONOMIC FEASIBILITY--10.

These are provided as Attachment C, Economic Feasibility--10.

C(II)11. DESCRIBE ALL ALTERNATIVES TO THIS PROJECT WHICH WERE CONSIDERED AND DISCUSS THE ADVANTAGES AND DISADVANTAGES OF EACH ALTERNATIVE, INCLUDING BUT NOT LIMITED TO:
A. A DISCUSSSION REGARDING THE AVAILABILITY OF LESS COSTLY, MORE EFFECTIVE, AND/OR MORE EFFICIENT ALTERNATIVE METHODS OF PROVIDING THE BENEFITS INTENDED BY THE PROPOSAL. IF DEVELOPMENT OF SUCH ALTERNATIVES IS NOT PRACTICABLE, THE APPLICANT SHOULD JUSTIFY WHY NOT, INCLUDING REASONS AS TO WHY THEY WERE REJECTED.
B. THE APPLICANT SHOULD DOCUMENT THAT CONSIDERATION HAS BEEN GIVEN TO ALTERNATIVES TO NEW CONSTRUCTION, E.G., MODERNIZATION OR SHARING ARRANGEMENTS. IT SHOULD BE DOCUMENTED THAT SUPERIOR ALTERNATIVES HAVE BEEN IMPLEMENTED TO THE MAXIMUM EXTENT PRACTICABLE.

A. The benefit intended for this proposal is the provision of additional ambulatory surgical capacity for surgeons of the Campbell Clinic, who are the medical staff of the Campbell Clinic Surgery Center. The alternative of using capacity at existing open-staff multi-disciplinary surgery centers, or in a second Clinic ASTC on another side of Memphis, was rejected for several reasons:

(1) Existing ambulatory surgery center facilities are already highly utilized and do not appear able to absorb all the new cases projected for this group of surgeons.

(2) Use of two or more existing ambulatory surgery centers would be inefficient for Campbell Clinic surgeons in terms of travel time.

(3) Use of other owners' facilities would reduce the Campbell Clinic's control of facility staff, supplies, equipment, and scheduling.

(4) Use of other facilities would complicate the Clinic's quality management processes, and its management of residency and fellowship training in an ASTC environment.

(5) Other facilities' medical records systems would not be the same as the one being developed at the Campbell Clinic, creating inefficiencies in pursuit of a unified medical electronic record for all Campbell Clinic patients and staff.

(6) Building a second Campbell Clinic Surgery Center would cost more than this expansion project, given the need to acquire a site and to duplicate every type of space.

B. Expansion at the current site was contemplated when the facility was first developed; surplus land was purchased and the current facility was positioned to made expansion easy. The proposed plan makes use of existing space where possible.

C(III).1. LIST ALL EXISTING HEALTH CARE PROVIDERS (I.E., HOSPITALS, NURSING HOMES, HOME CARE ORGANIZATIONS, ETC.) MANAGED CARE ORGANIZATIONS, ALLIANCES, AND/OR NETWORKS WITH WHICH THE APPLICANT CURRENTLY HAS OR PLANS TO HAVE CONTRACTUAL AGREEMENTS FOR HEALTH SERVICES.

The applicant has an emergency transfer agreement with Methodist LeBonheur Germantown Hospital. The applicant's physicians participate in educational and training programs of the University of Tennessee Medical School in Memphis; and they serve patients at the Regional Medical Center of Memphis (the MED) and Methodist LeBonheur Children's Hospital, as well as other Memphis hospitals.

C(III).2. DESCRIBE THE POSITIVE AND/OR NEGATIVE EFFECTS OF THE PROPOSAL ON THE HEALTH CARE SYSTEM. PLEASE BE SURE TO DISCUSS ANY INSTANCES OF DUPLICATION OR COMPETITION ARISING FROM YOUR PROPOSAL, INCLUDING A DESCRIPTION OF THE EFFECT THE PROPOSAL WILL HAVE ON THE UTILIZATION RATES OF EXISTING PROVIDERS IN THE SERVICE AREA OF THE PROJECT.

The applicant believes that this project will not significantly reduce the CCSC's surgeries being performed at other locations in the service area.

Currently, many surgeries are scheduled three weeks out. As yet, there are few instances of surgeries "overflowing" to other locations based only on waiting time, because the CCSC has been extending its surgical hours. However, this solution has limits and delays of service will become a chronic challenge in mid- to late CY2013.

With respect to impact on other providers, the case projections for this project were based on historical trends and needs at this facility only. Case projections did not include moving surgeries from other facilities where Campbell Clinic surgeons practice. Clinic surgeons perform ambulatory surgery at many other facilities--based on patient preference, insurance coverage, training of residents and fellows, and other reasons not related to availability of capacity at the CCSC itself.

For example, between 2008 and 2011, Clinic surgeons performed 4,225 ambulatory surgeries at two Methodist Healthcare hospitals (Methodist Germantown and Methodist LeBonheur Children's), three Baptist facilities (DeSoto, Collierville, Memphis), and the MED. More than half of these were at LeBonheur and the MED. The Campbell Clinic will continue to perform significant numbers of cases at these other locations, after its own surgery center has expanded.

C(III).3. PROVIDE THE CURRENT AND/OR ANTICIPATED STAFFING PATTERN FOR ALL EMPLOYEES PROVIDING PATIENT CARE FOR THE PROJECT. THIS CAN BE REPORTED USING FTE'S FOR THESE POSITIONS. IN ADDITION, PLEASE COMPARE THE CLINICAL STAFF SALARIES IN THE PROPOSAL TO PREVAILING WAGE PATTERNS IN THE SERVICE AREA AS PUBLISHED BY THE TENNESSEE DEPARTMENT OF LABOR & WORKFORCE DEVELOPMENT AND/OR OTHER DOCUMENTED SOURCES.

Please see the following page for a table of projected FTE's and salary ranges.

The Department of Labor and Workforce Development website indicates the following 2010 Wage Survey data for Memphis area clinical employees of this project:

Table Nineteen: TDOL Surveyed Average Salaries for the Region

Position	Entry Level	Mean	Median	Experienced
RN	$46,645	$63,207	$59,706	$71,487
Surgical Tech	Not Listed in 2010 Wage Data			
Radiology Tech				

Table Twenty: Campbell Clinic Current and Projected Staffing					
Position Type (RN, etc.)	Current FTE's	Year One FTE's	Year Two FTE's	Gain in FTE's	Salary Range
Registered Nurse	19	24	28	9	$24.00 - 36.00/hr
Certified Surgical technologist	5	7	9	4	$17.00 - 24.00/hr
Radiology Technologist	1	1	2	1	$28.00 - 31.00/hr
Business Office Manager	1	1	1		$24.88 - 27.00/hr
Biller/Coder	1	1	2	1	$17.51 - 18.58/hr
Collector	1	1	2	1	$15.04 - 15.95/hr
Insurance Verifier	1	1	1		$18.46 - 19.58/hr
Receptionist	1	1	1		$13.27 - 14.08/hr
Materials Manager	1	1	1		$23.00 - 26.00/hr.
Business Office Specialist II	1	1	2	1	$14.50 - 17.98/hr.
Houskeeper/Instrument tech.	1	1	2	1	$16.00 - 18.00/hr
Total FTE's	33	41	51	18	

Source: Clinic Administration

C(III).4. DISCUSS THE AVAILABILITY OF AND ACCESSIBILITY TO HUMAN RESOURCES REQUIRED BY THE PROPOSAL, INCLUDING ADEQUATE PROFESSIONAL STAFF, AS PER THE DEPARTMENT OF HEALTH, THE DEPARTMENT OF MENTAL HEALTH AND DEVELOPMENTAL DISABILITIES, AND/OR THE DIVISION OF MENTAL RETARDATION SERVICES LICENSING REQUIREMENTS.

The Campbell Clinic Surgery Center is a good work environment and does not anticipate having difficulty filling the additional 18 positions. The facility has an excellent reputation and working environment, which has not failed to attract all required support staff as workloads increased during the past seven years.

C(III).5. VERIFY THAT THE APPLICANT HAS REVIEWED AND UNDERSTANDS THE LICENSING CERTIFICATION AS REQUIRED BY THE STATE OF TENNESSEE FOR MEDICAL/CLINICAL STAFF. THESE INCLUDE, WITHOUT LIMITATION, REGULATIONS CONCERNING PHYSICIAN SUPERVISION, CREDENTIALING, ADMISSIONS PRIVILEGES, QUALITY ASSURANCE POLICIES AND PROGRAMS, UTILIZATION REVIEW PPOLICIES AND PROGRAMS, RECORD KEEPING, AND STAFF EDUCATION.

The applicant so verifies.

C(III).6. DISCUSS YOUR HEALTH CARE INSTITUTION'S PARTICIPATION IN THE TRAINING OF STUDENTS IN THE AREAS OF MEDICINE, NURSING, SOCIAL WORK, ETC. (I.E., INTERNSHIPS, RESIDENCIES, ETC.).

The Campbell Clinic in Shelby County is an internationally recognized group of orthopaedists that has been a national leader in its field of surgery for almost a century. Its founder, Dr. Willis Campbell, organized the first Department of Orthopaedic Surgery at the U.T. School of Medicine. Today the department is officially designated "the University of Tennessee-Campbell Clinic Department of Orthopaedic Surgery". All Campbell Clinic surgeons have faculty appointments in the department and work closely with its research scientists. As of August 2012, its active surgery center staff consists of 42 Campbell Clinic practitioners, of whom 40 are orthopaedic surgeons and 4 are physiatrists (physical medicine and rehabilitation specialists). All are Board-certified except the two recent recruits from residency, who are required to practice for two years prior to certification. Many are subspecialty-trained and fellowship-trained.

Dr. Campbell and his successors at the Clinic wrote and continuously update the definitive reference work Campbell's Operative Orthopaedics, a textbook that is in worldwide use and is often called "the Bible of orthopaedic surgery" (now in its 11th Edition in 7 languages). Campbell Clinic specialists established the orthopaedic residency program at U.T. School of Medicine, which has trained more than 450 orthopaedic surgeons. During their five-year program, orthopaedic residents work at the CCSC for multiple 3-month rotations for subspecialty training, under the supervision of Campbell Clinic surgeons. Their affiliated Campbell Foundation develops clinical leadership through funding and managing 12-month fellowship training programs for subspecialists, who train at the Campbell Clinic Surgery Center and at area hospitals such as the Regional Medical Center at Memphis ("the MED"), LeBonheur Children's Hospital, and the Methodist and Baptist hospital systems.

C(III).7(a). PLEASE VERIFY, AS APPLICABLE, THAT THE APPLICANT HAS REVIEWED AND UNDERSTANDS THE LICENSURE REQUIREMENTS OF THE DEPARTMENT OF HEALTH, THE DEPARTMENT OF MENTAL HEALTH AND DEVELOPMENTAL DISABILITIES, THE DIVISION OF MENTAL RETARDATION SERVICES, AND/OR ANY APPLICABLE MEDICARE REQUIREMENTS.

The applicant so verifies.

C(III).7(b). PROVIDE THE NAME OF THE ENTITY FROM WHICH THE APPLICANT HAS RECEIVED OR WILL RECEIVE LICENSURE, CERTIFICATION, AND/OR ACCREDITATION

LICENSURE:	Board for Licensure of Healthcare Facilities Tennessee Department of Health
CERTIFICATION:	Medicare Certification from CMS TennCare Certification from TDH
ACCREDITATION:	Accreditation Association for Ambulatory Healthcare

C(III).7(c). IF AN EXISTING INSTITUTION, PLEASE DESCRIBE THE CURRENT STANDING WITH ANY LICENSING, CERTIFYING, OR ACCREDITING AGENCY OR AGENCY.

The applicant is currently licensed in good standing by the Board for Licensing Health Care Facilities, certified for participation in Medicare and Medicaid/TennCare, and fully accredited by the Accreditation Association for Ambulatory Healthcare (AAAHC). With regard to AAAHC, the applicant has corrected all deficiencies in its 2011 Survey, and the recently completed 2012 Survey found no items non-complying. Only a half-dozen partial compliance findings were made of a minor nature, focusing on paperwork. Both the 2011 and 2012 surveys noted deficiencies in waiting, storage, parking, and toilet areas.

C(III).7(d). FOR EXISTING LICENSED PROVIDERS, DOCUMENT THAT ALL DEFICIENCIES (IF ANY) CITED IN THE LAST LICENSURE CERTIFICATION AND INSPECTION HAVE BEEN ADDRESSED THROUGH AN APPROVED PLAN OF CORRECTION. PLEASE INCLUDE A COPY OF THE MOST RECENT LICENSURE/CERTIFICATION INSPECTION WITH AN APPROVED PLAN OF CORRECTION.

They have been addressed. A copy of the most recent licensure inspection and plan of correction, and/or the most recent accreditation inspection, are provided in Attachment C, Orderly Development--7(C).

C(III)8. DOCUMENT AND EXPLAIN ANY FINAL ORDERS OR JUDGMENTS ENTERED IN ANY STATE OR COUNTRY BY A LICENSING AGENCY OR COURT AGAINST PROFESSIONAL LICENSES HELD BY THE APPLICANT OR ANY ENTITIES OR PERSONS WITH MORE THAN A 5% OWNERSHIP INTEREST IN THE APPLICANT. SUCH INFORMATION IS TO BE PROVIDED FOR LICENSES REGARDLESS OF WHETHER SUCH LICENSE IS CURRENTLY HELD.

None.

C(III)9. IDENTIFY AND EXPLAIN ANY FINAL CIVIL OR CRIMINAL JUDGMENTS FOR FRAUD OR THEFT AGAINST ANY PERSON OR ENTITY WITH MORE THAN A 5% OWNERSHIP INTEREST IN THE PROJECT.

None.

C(III)10. IF THE PROPOSAL IS APPROVED, PLEASE DISCUSS WHETHER THE APPLICANT WILL PROVIDE THE THSDA AND/OR THE REVIEWING AGENCY INFORMATION CONCERNING THE NUMBER OF PATIENTS TREATED, THE NUMBER AND TYPE OF PROCEDURES PERFORMED, AND OTHER DATA AS REQUIRED.

Yes. The applicant will provide the requested data consistent with Federal HIPAA requirements.

PROOF OF PUBLICATION

Attached.

DEVELOPMENT SCHEDULE

1. PLEASE COMPLETE THE PROJECT COMPLETION FORECAST CHART ON THE NEXT PAGE. IF THE PROJECT WILL BE COMPLETED IN MULTIPLE PHASES, PLEASE IDENTIFY THE ANTICIPATED COMPLETION DATE FOR EACH PHASE.

The Project Completion Forecast Chart is provided after this page.

2. IF THE RESPONSE TO THE PRECEDING QUESTION INDICATES THAT THE APPLICANT DOES NOT ANTICIPATE COMPLETING THE PROJECT WITHIN THE PERIOD OF VALIDITY AS DEFINED IN THE PRECEDING PARAGRAPH, PLEASE STATE BELOW ANY REQUEST FOR AN EXTENDED SCHEDULE AND DOCUMENT THE "GOOD CAUSE" FOR SUCH AN EXTENSION.

Not applicable. The applicant anticipates completing the project within the period of validity.

PROJECT COMPLETION FORECAST CHART

Enter the Agency projected Initial Decision Date, as published in Rule 68-11-1609(c):

November 15, 2012

Assuming the CON decision becomes the final Agency action on that date, indicate the number of days from the above agency decision date to each phase of the completion forecast.

PHASE	DAYS REQUIRED	Anticipated Date (MONTH /YEAR)
1. Architectural & engineering contract signed	NA	SEPT 1, 2012
2. Construction documents approved by TDH	98	FEB 22, 2013
3. Construction contract signed	98	FEB. 22, 2013
4. Building permit secured	104	FEB. 28, 2013
5. Site preparation completed	135	MARCH 29, 2013
6. Building construction commenced	137	APRIL 1, 2013
7. Construction 40% complete	228	JULY 1, 2013
8. Construction 80% complete	320	OCT 1, 2013
9. Construction 100% complete	351	NOV 1, 2013
10. * Issuance of license	397	DEC 16, 2013
11. *Initiation of service	412	JAN 1, 2014
12. Final architectural certification of payment	426	JAN 15, 2014
13. Final Project Report Form (HF0055)	516	APR 15, 2014

*** For projects that do NOT involve construction or renovation: please complete items 10-11 only.**

Note: If litigation occurs, the completion forecast will be adjusted at the time of the final determination to reflect the actual issue date.

INDEX OF ATTACHMENTS

A.4	Ownership--Legal Entity and Organization Chart (if applicable)
A.6	Site Control
B.II.A.	Square Footage and Costs Per Square Footage Chart
B.III.	Plot Plan
B.IV.	Floor Plan
C, Need--3	Service Area Maps
C, Economic Feasibility--1	Documentation of Construction Cost Estimate
C, Economic Feasibility--2	Documentation of Availability of Funding
C, Economic Feasibility--10	Financial Statements
C, Orderly Development--7(C)	TDH Inspection & Plan of Correction AAAHC 2012 Inspection Summary & Certification of Correction of 2011 Deficiencies
Miscellaneous Information	Transfer Agreement (Germantown Methodist) U.S. Census Quickfacts--Service Area TennCare Enrollments--Service Area
Support Letters	

A.4--Ownership
Legal Entity and Organization Chart

Board for Licensing Health Care Facilities

State of Tennessee

License No. 0000000138

DEPARTMENT OF HEALTH

This is to certify, that a license is hereby granted by the State Department of Health to

CAMPBELL CLINIC SURGERY CENTERLLC *to conduct and maintain*

an Ambulatory Surgical Treatment Center CAMPBELL CLINIC SURGERY CENTER, LLC

Located at 1410 BRIERBROOK ROAD, GERMANTOWN

County of SHELBY *, Tennessee.*

This license shall expire APRIL 30 *,* 2013 *, and is subject to the provisions of Chapter 11, Tennessee Code Annotated. This license shall not be assignable or transferable, and shall be subject to revocation at any time by the State Department of Health, for failure to comply with the laws of the State of Tennessee or the rules and regulations of the State Department of Health issued thereunder.*

In Witness Whereof, we have hereunto set our hand and seal of the State this 1ST *day of* JULY *,* 2012 .

In the Specialty(ies) of: ORTHOPEDICS

By Vincent J. Davis, MPH
DIRECTOR, DIVISION OF HEALTH CARE FACILITIES

By [signature]
COMMISSIONER

ACCREDITATION ASSOCIATION
for AMBULATORY HEALTH CARE, INC.

April 25, 2012

Organization #:	**22743**	**Accreditation Expires:**	**May 21, 2015**
Organization:	**Campbell Clinic Surgery Center, LLC**		
Address:	**1410 Brierbrook Road**		
City, State, Zip:	**Germantown, TN 38138**		
Decision Recipient:	**Cynthia Armistead, BS, RN**	Survey Chair:	**Alicia D. Johnson, CHE, MPH**
Survey Contact:	**Cynthia Armistead, BS, RN**	Survey Team Member:	**Marie L. Masztak, RN**
Survey Dates:	**April 5-6, 2012**	**Accreditation Renewal Code:**	**954139de22743**

It is a pleasure to inform you that the Accreditation Association for Ambulatory Health Care, Inc. (AAAHC) Accreditation Committee has awarded **Campbell Clinic Surgery Center, LLC, a three-year term of accreditation.**

Granting accreditation reflects confidence, based on evidence from this recent survey that you meet, and will continue to demonstrate throughout the accreditation term, the attributes of an accreditable organization as reflected in the standards found in the *Accreditation Handbook for Ambulatory Health Care*. The dedication and effort necessary for an organization to be accredited is substantial and the compliance with those standards implies a commitment to continual self-evaluation and continuous improvement.

Members of your organization should take time to review your Survey Report, which may arrive separately:

- Any standard marked "PC" (Partially Compliant) or "NC" (Non-Compliant) must be corrected promptly. Subsequent surveys by the AAAHC will seek evidence that deficiencies from this survey were addressed without delay.
- The Summary Table provides an overview of compliance for each chapter applicable to the organization. Emphasis for attention should be given to chapters marked "PC" (Partially Compliant) or "NC" (Non-Compliant).
- As a guide to the ongoing process of self-evaluation, periodically review the Survey Report to ensure the organization's ongoing compliance with the standards throughout the term of accreditation.
- Statements in the "Consultative Comments" sections of the report represent the educational component of the survey. Such comments may provide suggested approaches for correcting identified deficiencies.

AAAHC policies and procedures and standards are revised on an annual basis, such revisions become effective March 1 each year. Accredited organizations are required to maintain their operations in compliance with the current AAAHC standards and policies. Therefore, the organization is encouraged to visit the AAAHC website, www.aaahc.org, for information pertaining to any revisions to AAAHC policies and procedures and standards.

We hope the survey has been beneficial to your organization in identifying its strengths and opportunities to improve. AAAHC trusts that you will continue to find the accreditation experience meaningful, not only from the benefit of having carefully reviewed your own operation, but also from the recognition brought forth by your participation in this survey process.

In order to ensure continuation of accreditation, your organization should submit an application for survey approximately five months prior to your accreditation expiration. According to our Accreditation Handbook,

Currently-accredited organizations must complete and submit the Application for Survey, supporting documentation, and application fee for their subsequent full accreditation survey (referred to as a re-accreditation survey). Please visit www.aaahc.org to complete the Application for Survey and for further information. After review of an organization's completed Application for Survey and supporting documentation, the AAAHC will contact the organization to establish survey dates. To prevent a lapse in accreditation, an organization should ensure that all documentation is submitted to the AAAHC at least five (5) months prior to its accreditation expiration date. In states where accreditation is mandated by law, an organization should submit the completed Application for Survey and other required documentation a minimum of six (6) months prior to its accreditation expiration date.

5250 Old Orchard Road, SUITE 200
Skokie, Illinois 60077
TEL (847) 853 6060
FAX (847) 853 9028
www.aaahc.org
info@aaahc.org

For submission of an application for survey, your organization will need the "*accreditation renewal code*" located underneath the accreditation expiration date.

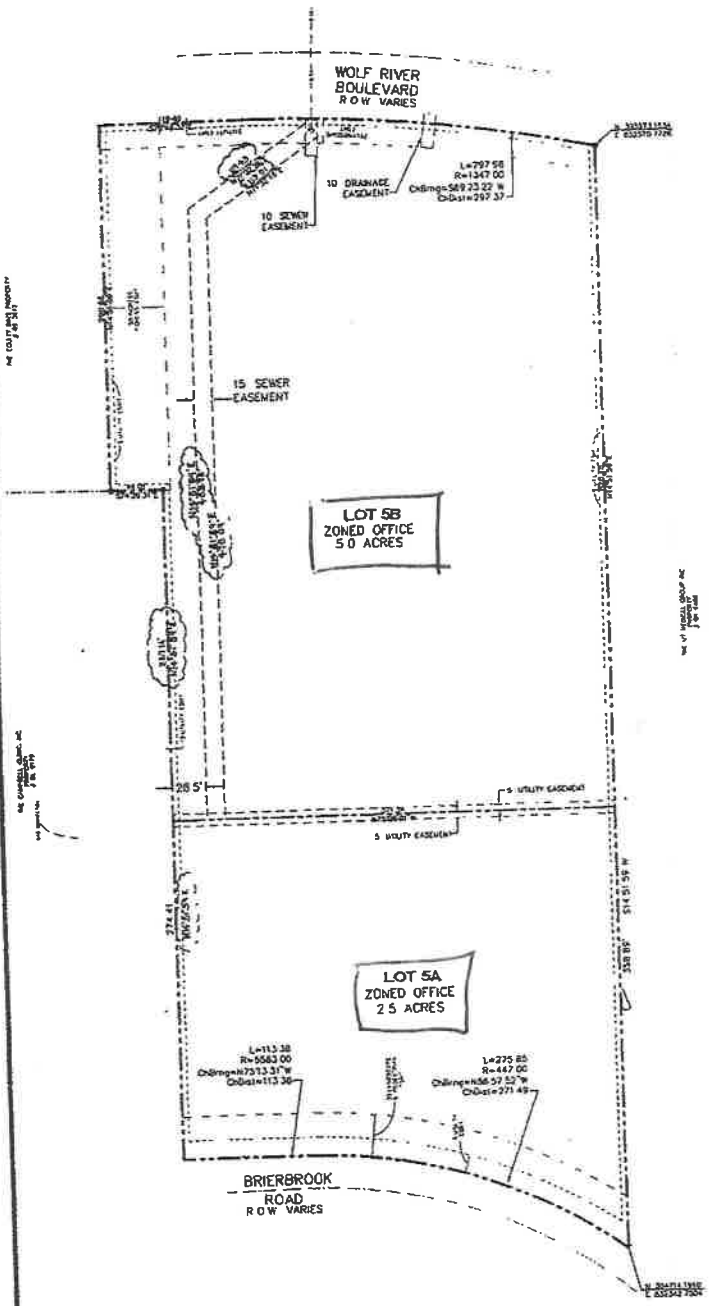
If you have any questions or comments about any portion of the accreditation process, please contact the AAAHC Accreditation Services department at (847) 853-6060.

B.II.A.--Square Footage and Costs Per Square Footage Chart

SQUARE FOOTAGE AND COST PER SQUARE FOOTAGE CHART

A. Unit / Department	Existing Location	Existing SF	Temporary Location	Proposed Final Location	Proposed Final Square Footage			Proposed Final Cost/ SF		
					Renovated	New	Total	Renovated	New	Total
ADMIN., BUSSINESS & WAITING		1215			4,613			$73.68		$339,810.00
PRE-OP/RECOVERY		2381				9,685	9,685		$292.61	$2,886,596.00
SURGICAL/SPECIAL PROCEEDURES		5661			1,748	8,629	10,377	$147.45	$292.61	$2,782,674.00
CENTRAL STERILE SUPPLY		984				1,774	1,774		$292.61	$519,090.00
B. Unit/Depart. GSF Sub-Total		10241			6,361	20,088	26,449			
C. Mechanical/ Electrical GSF		940								
D. Circulation /Structure GSF		1051			423	848	1271	$106.30	$292.61	$271,830.00
E. Total GSF		12,232			6,784	20,936	27,720	$95.04	$292.61	$244.26

B.III.--Plot Plan



SITE DEVELOPMENT CRITERIA / DATA

SITE ZONING DISTRICT = OFFICE
SITE AREA = 7 5 ACRES (110,037 SQ FT)
FRONT YARD BUILDING SETBACK LINE = 60'
SIDE YARD BUILDING SETBACK LINE = 20'
REAR YARD BUILDING SETBACK LINE = 15'
FRONT YARD PARKING SETBACK =
35' WITH LANDSCAPE AND UTILITY EASEMENT

LANDSCAPING / TURF AREA REQUIRED (20% OF TOTAL AREA ACCORDING TO WOLFE RIVER CENTER P D) = 22,000 SQ FT

MAXIMUM BUILDING HEIGHT PERMITTED BY ZONING REQUIREMENTS = 35

OFFSTREET PARKING
SPACES REQUIRED (1/200) (INCLUDING HANDICAP)

BENCHMARK

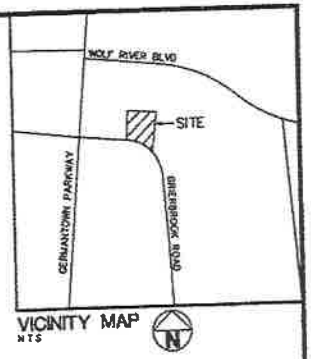
ALUMINUM DISK & STAINLESS STEEL ROD IN CONCRETE
DATE SET 02/95 QUAD GERMANTOWN
HORIZONTAL DATUM NAD 83 VERTICAL DATUM NAVD 88
STATE TENN COUNTY SHELBY ZONE TENN 4100
NORTHING 305809 05 EASTING 831624 76 ELEVATION 266 20
SCALE 1 000027052

FLOOD INFORMATION

THIS SITE IS PARTIALLY LOCATED IN THE 100 YEAR FLOOD PLAIN AS NOTED ON FEMA PANEL NO 47157C 0235 C DATED DECEMBER 2, 1994 SEE REVISION NOTE BELOW

BEARING NOTE

ALL BEARINGS ARE BASED ON STATE PLAIN COORDINATES



VICINITY MAP
NTS

Owner's Certificate

I/We Campbell Clinic, Inc. the undersigned owner of the property shown hereon hereby adopt this as the corporation's plan of development and dedicate the streets rights of way and grant the easements and rights of access as shown and/or described to the public use forever We hereby certify that we are the owners of the said property in fee simple duly authorized so to act and that said property is not encumbered by taxes which have become due and payable

By _____

By _____ Date

Notary's Certificate

State of Tennessee
County of Shelby

Before me the undersigned a Notary Public in and for the said State and County mentioned duly commissioned and qualified personally appeared _____ with whom I am personally acquainted and who upon his oath acknowledged himself to be _____ the within named bargainer and that he executed the foregoing instrument for the purpose therein contained In witness whereof I have hereunto set my hand and affixed my notarial seal at my office in Memphis this _____ day of _____ 2001

Notary Public _____
My Commission Expires _____

PATTIE THOMPSON
NOTARY PUBLIC AT LARGE
SHELBY COUNTY

CERTIFICATE OF APPROVAL BY THE CITY OF GERMANTOWN
APPROVED BY THE CITY OF GERMANTOWN

DATE 08-21-01 BY Sharon Goldsworthy
MAYOR

* THIS SITE IS NOT LOCATED WITHIN THE LIMITS OF A 100YEAR FLOOD HAZARD AREA AS PER LETTER OF REVISION DATED JANUARY 9, 2002 CASE NUMBER 02-04-1510 A

Engineer's Certificate

It is hereby certified that the plat is true and correct as in conformance with the design requirements of the Zoning Ordinance the Subdivision Regulations and the _____ Regulations imposed on this development and takes into account _____ State and local building laws and regulations

William P Edwards III
Tennessee Certificate No 13706

8/28/2001
Date

Surveyor's Certificate

I Michael W McCulley, hereby certify that this is a Category 1 survey and 1 that the ratio of precision of the unadjusted survey is 1 10000 or greater that the plat has been prepared by me or under my immediate supervision and conforms with applicable state laws and local zoning ordinances, subdivision regulations and the specific conditions imposed on this development relating to the practice of surveying

Michael W McCulley R.L.S.

8-28-2001
Date

APPROVED BY THE GERMANTOWN PLANNING COMMISSION
DATE 8-20-01 SECRETARY Susan L Burrow

FINAL PLAT
RE-SUBDIVISION OF LOT 5 WOLF RIVER CENTER

GERMANTOWN, TENNESSEE
APRIL, 2001
1 LOT / TOTAL AREA 326,700 SF / 7 50 ACRES

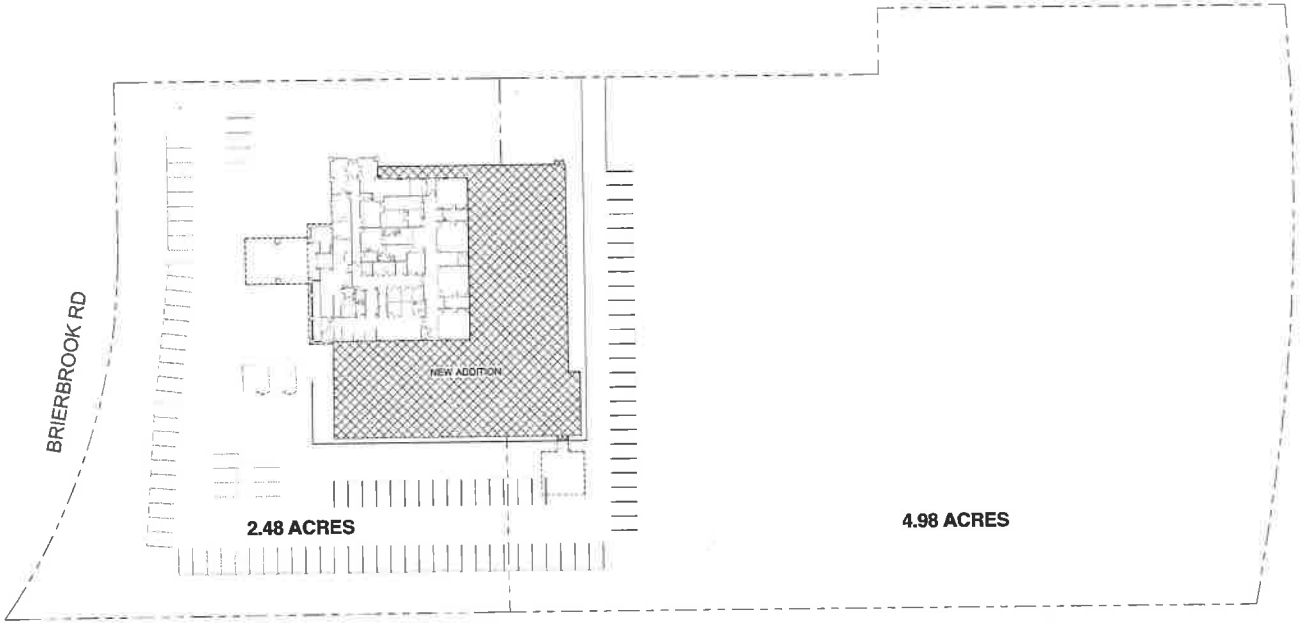
OWNER
THE CAMPBELL CLINIC INC
1400 SOUTH GERMANTOWN ROAD
GERMANTOWN, TN 38138

1 of 1

ASKEW HARGRAVES HARCOURT & ASSOCIATES, INC
ENGINEERS SURVEYORS LANDSCAPE ARCHITECTS
5009 SHELBY OAKS DRIVE SUITE 102
MEMPHIS TN 38134 901/372-0404

REVISED 4/02 CORRECTED BEARINGS ADDED CURVE DATA

02074182
05/01/2002 - 10:26 AM
PLAT BOOK 197
PAGE 71
THE LEAKSWOOD



1 Copy of Architectural Site Plan
1" = 40'-0"

CMArchitects

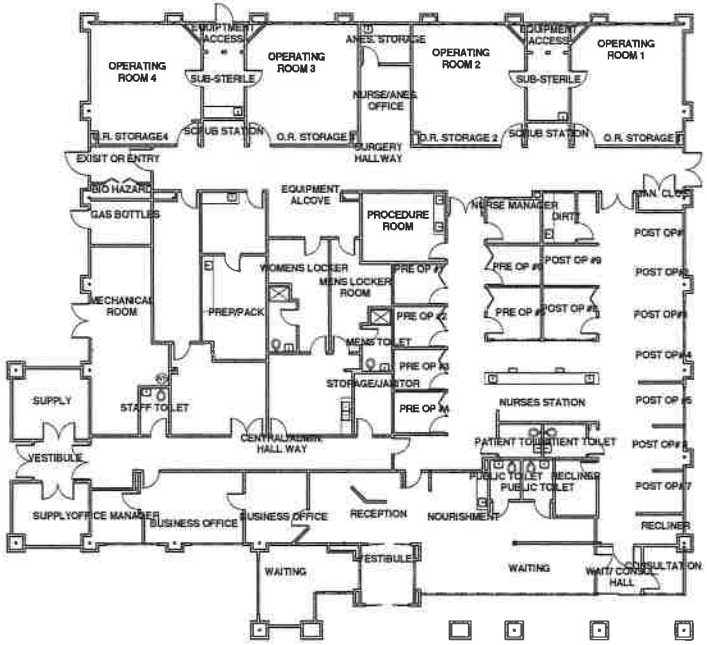
Campbell Surgery Center
Memphis, TN

No.	Description	Date

SHEET DESCRIPTION
Architectural Site Plan

P 0

B.IV.--Floor Plan



FLOOR PLAN - EXISTING

CMArchitects
1500 4TH AVENUE NORTH #101
NASHVILLE TENNESSEE 37208
615-244-9622

CLIENT

PROJECT

Campbell Surgery Center

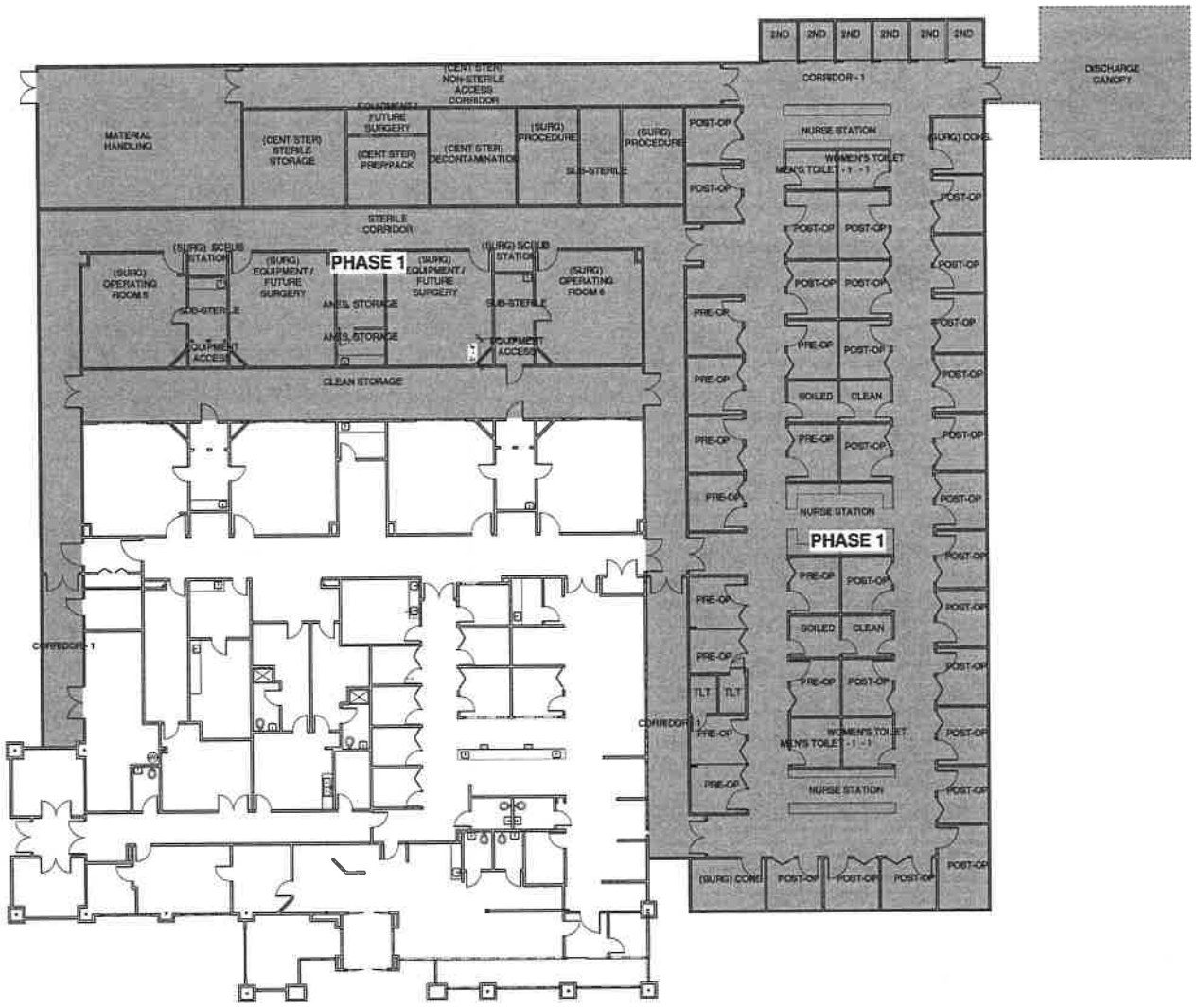
Memphis, TN

No.	Description	Date

DRAWN BY: Author
CHECKED BY: Checker
PROJECT #: 0000000
ISSUE DATE:
DRAWING TYPE: Project Status
PROFESSIONAL SEAL

SHEET DESCRIPTION
Floor Plan - Existing

DRAWING NUMBER
P 1



FLOOR PLAN - PHASE 1

CMArchitects
1500 4TH AVENUE NORTH #101
NASHVILLE TENNESSEE 37208
615-244-9622

CLIENT

PROJECT

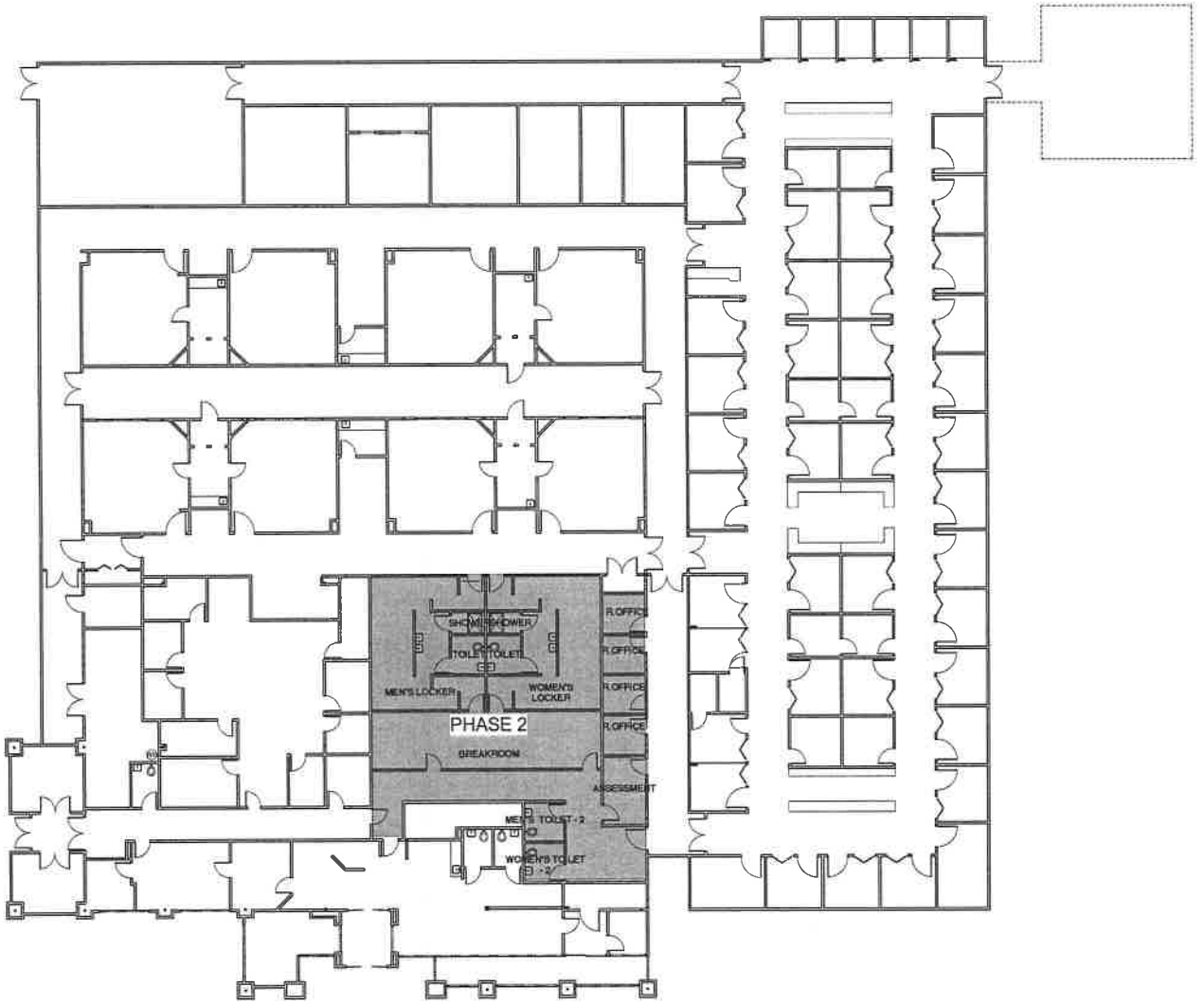
Campbell Surgery Center
Memphis, TN

No.	Description	Date

DRAWN BY
CHECKED BY
PROJECT #
ISSUE DATE
DRAWING TITLE
PROFESSIONAL SEAL

SHEET DESCRIPTION
Floor Plan - Phase 1

DRAWING NUMBER
P 2



FLOOR PLAN - PHASE 2

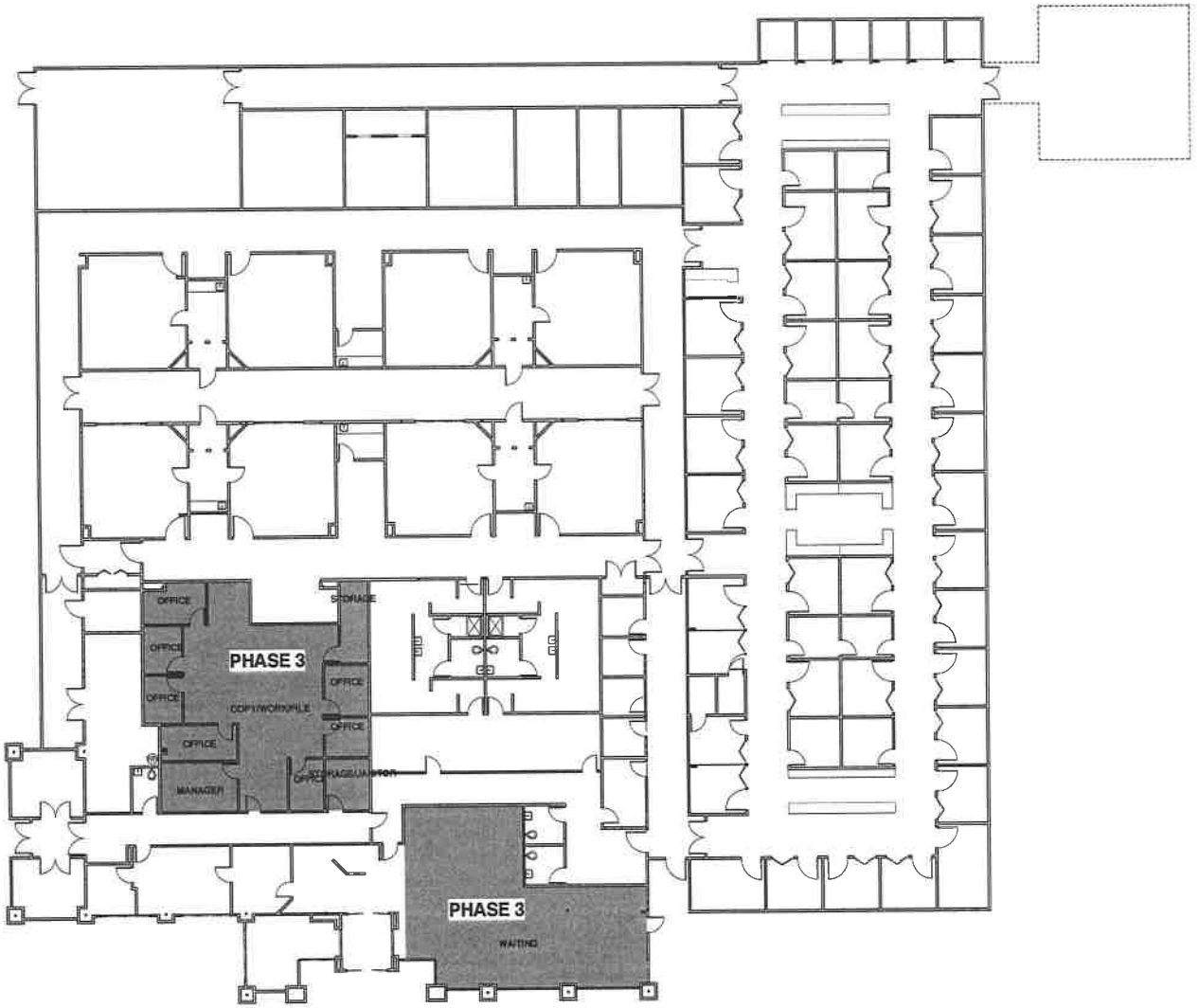
CMArchitects
1500 4TH AVENUE NORTH # 101
NASHVILLE TENNESSEE 37208
615-244-9822

Campbell Surgery Center
Memphis, TN

No.	Description	Date

Floor Plan - Phase 2

P 3



FLOOR PLAN - PHASE 3

CMArchitects
1500 4TH AVENUE NORTH #101
NASHVILLE TENNESSEE 37208
615-244-3622

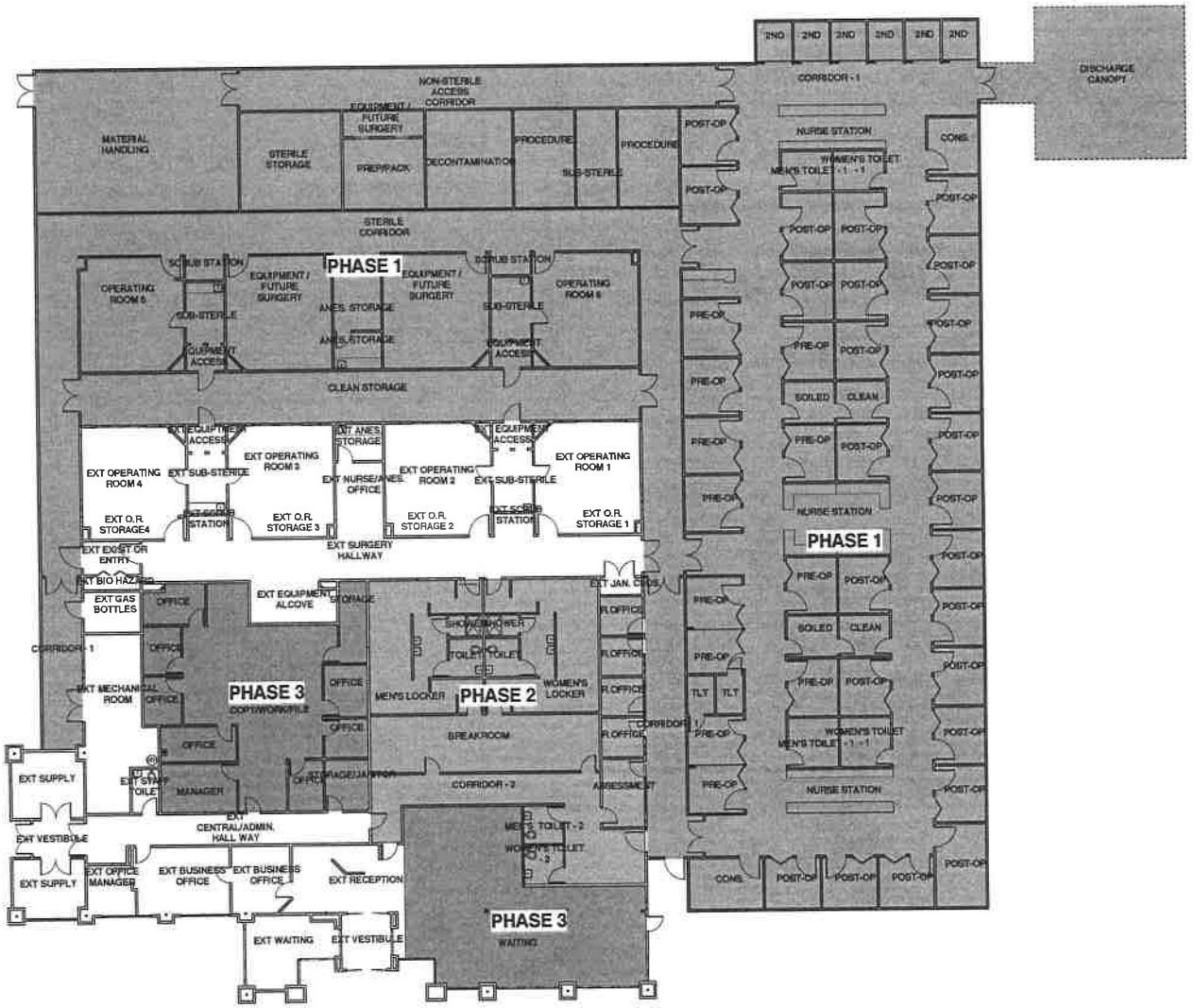
Campbell Surgery Center
Memphis, TN

No.	Description	Date

DRAWN BY
CHECKED BY
PROJECT #
ISSUE DATE
DRAWING ISSUE
PROFESSIONAL SEAL

SHEET DESCRIPTION
Floor Plan - Phase 3

P 4



FLOOR PLAN - ALL PHASES

CMArchitects
1500 4TH AVENUE NORTH #101
NASHVILLE TENNESSEE 37208
615-244-9822

Campbell Surgery Center

Memphis, TN

No.	Description	Date

Floor Plan - All Phases

P 5

CAMPBELL SURGERY CENTER

Space Allocation & Cost Program Executive Summary

Space Program

AUGUST/3/2012

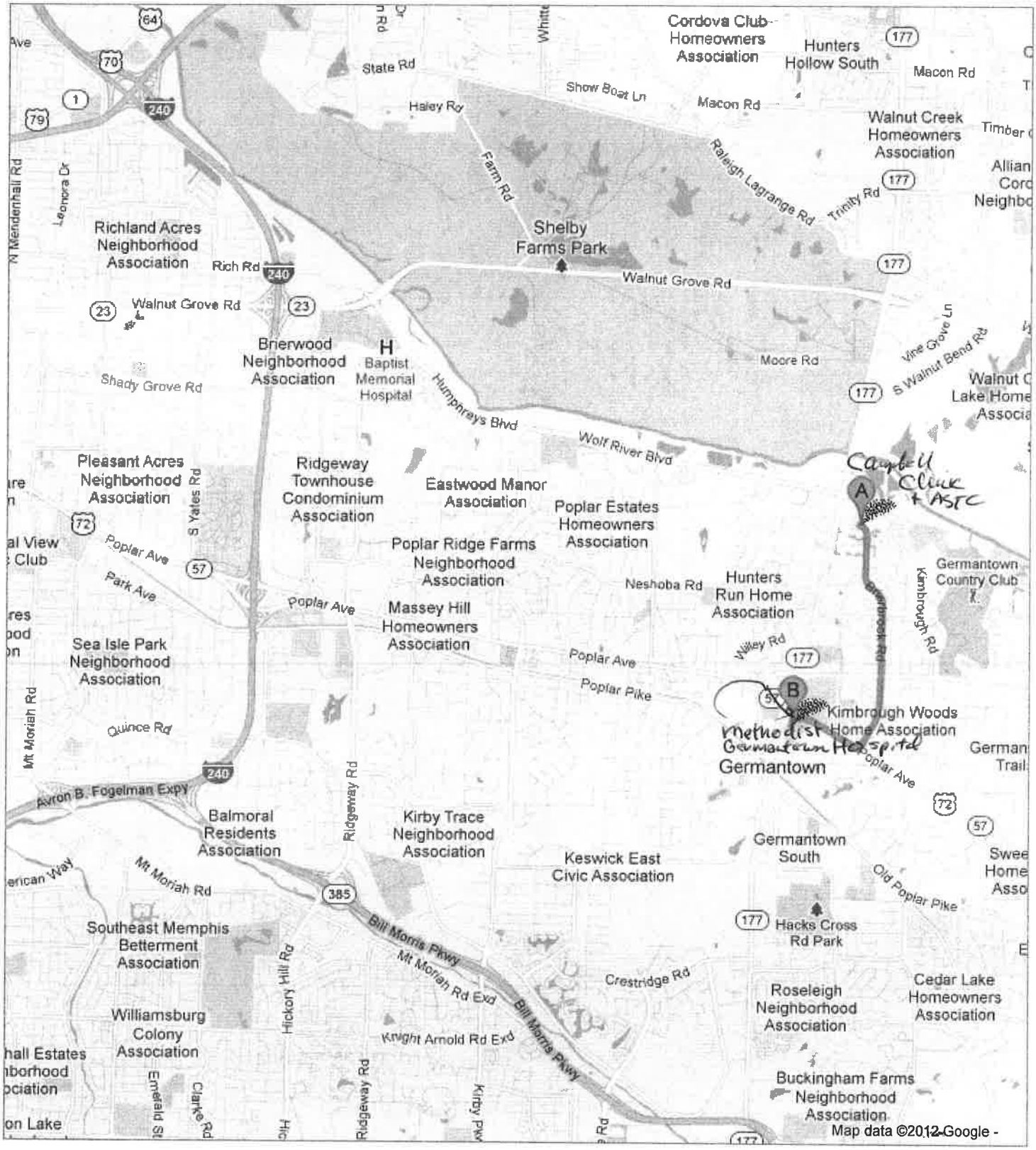
Space Allocation & Cost Program Executive Summary
CAMPBELL SURGICAL CENTER
Conceptual Square Foot Cost Estimate

DEPARTMENT	SQUARE FOOTAGE	COST
EXISTING BUILDING	12,232	
PHASE 1	20,936	$6,126,134
PHASE 2	2,842	$419,043
PHASE 3	3,942	$225,675
TOTAL BGSF:	27,720	$6,770,852

C, Need--3
Service Area Maps

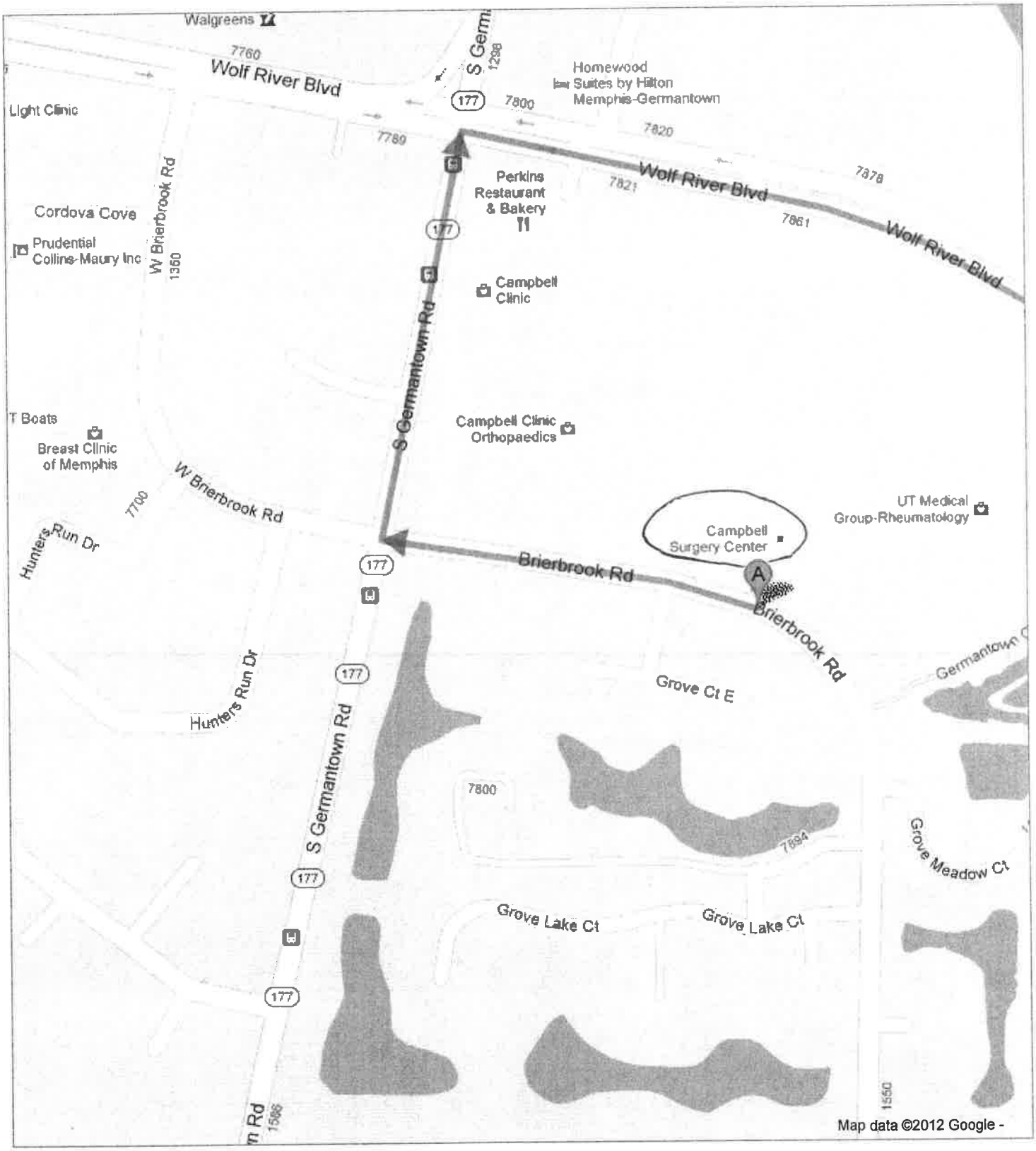
To see all the details that are visible on the screen, use the "Print" link next to the map.

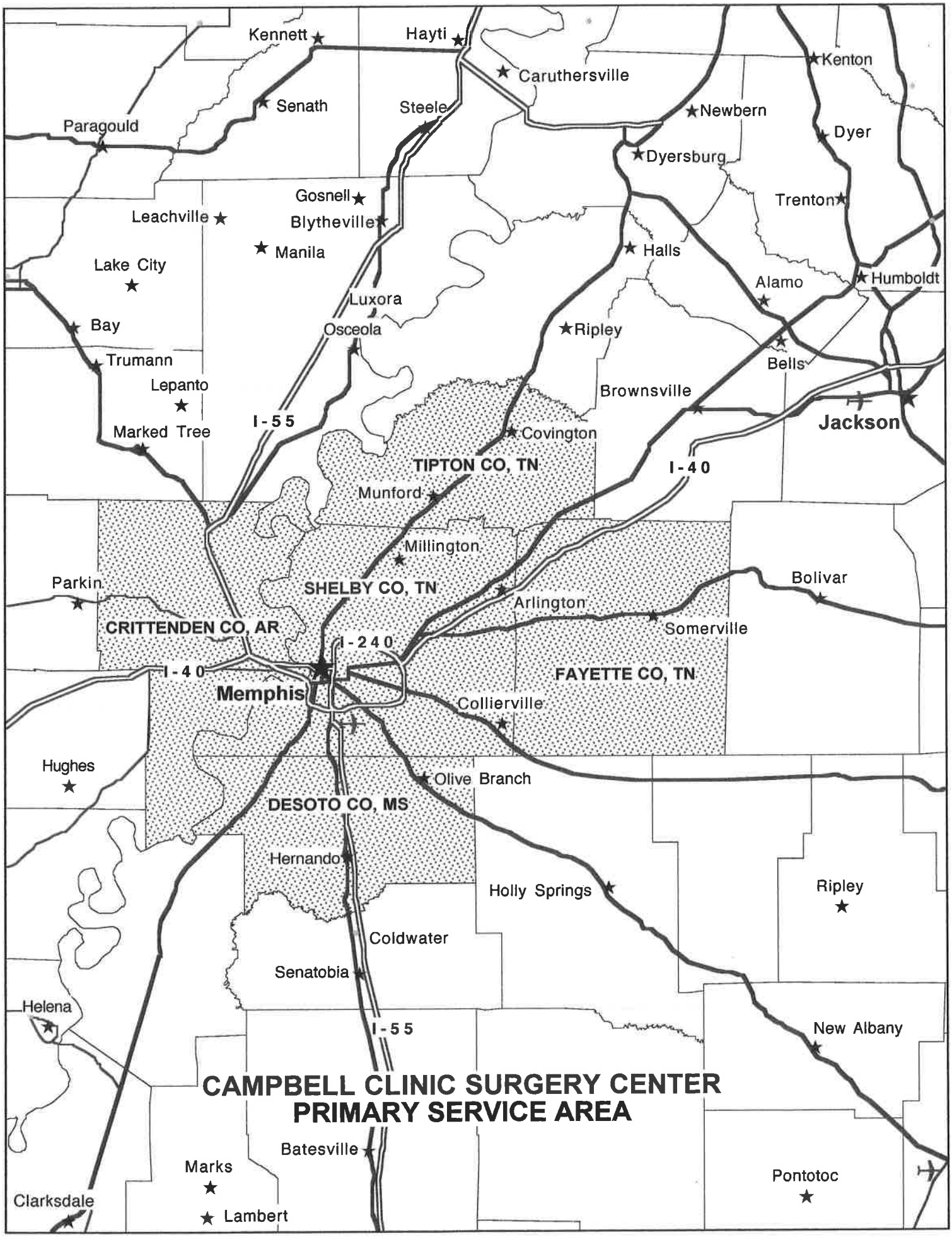
Google



To see all the details that are visible on the screen, use the "Print" link next to the map.

Google




Kennett
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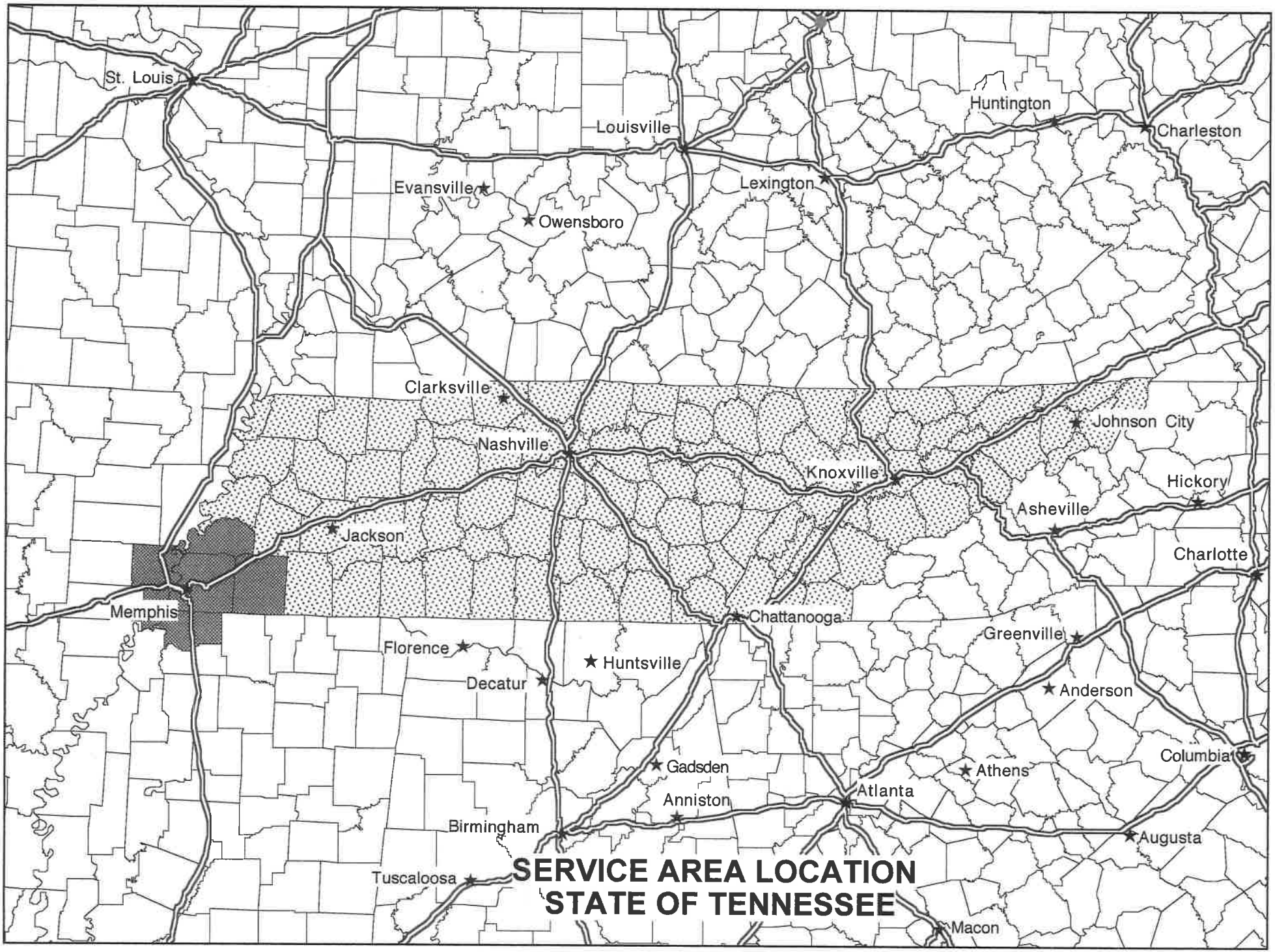
Caruthersville
Kenton
Senath
Steele
Newbern
Paragould
Dyer
Dyersburg
Gosnell
Trenton
Leachville
Blytheville
Manila
Halls
Lake City
Alamo
Humboldt
Luxora
Bay
Osceola
Ripley
Trumann
Bells
Lepanto
Brownsville
Jackson
I-55
Marked Tree
Covington
TIPTON CO, TN
I-40
Munford
Millington
Parkin
SHELBY CO, TN
Bolivar
Arlington
CRITTENDEN CO, AR
Somerville
I-240
I-40
FAYETTE CO, TN
Memphis
Collierville
Hughes
Olive Branch
DESOTO CO, MS
Hernando
Holly Springs
Ripley
Coldwater
Senatobia
Helena
I-55
New Albany
CAMPBELL CLINIC SURGERY CENTER
PRIMARY SERVICE AREA
Batesville
Marks
Pontotoc
Clarksdale
Lambert


St. Louis
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Owensboro
Lexington
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Nashville
Johnson City
Knoxville
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Greenville
Florence
Huntsville
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Augusta
Tuscaloosa
Macon
SERVICE AREA LOCATION
STATE OF TENNESSEE

C, Economic Feasibility--1
Documentation of Construction Cost Estimate

August 8, 2012

Subject: Verification of Construction Cost Estimate

To Whom It May Concern:

CMArchitects PLLC, an architectural firm in Nashville, Tennessee, has reviewed the construction cost data for the above referenced project. The stated construction cost for the building excluding site work is $6,800,000. (In providing opinions of probable construction cost, the Client understands that the Consultant has no control over the cost or availability of labor, equipment or materials, or over market conditions, or the Contractor's method of pricing, or the Code Reviewer's interpretation at a later date of the requirements for the project, and that the Consultant's opinion of probable construction costs are made on the basis of the Consultant's professional judgment and experience. The Consultant makes no warranty, express or implied, that the bids or the negotiated cost of the Work will not vary from the Consultant's opinion or probable construction cost.)

It is our opinion at this time; the projected construction cost is reasonable for this type and size of project and compares appropriately with similar projects in this market. However, it should be noted that the construction costs are increasing due to economic factors beyond contractor's controls.

The building codes applicable to this project will be:

State:

1. 2010 AIA Guidelines for Design and Construction of Hospital and Health Care Facilities
2. 2006 IBC
3. TN Public Building Accessibility Act
4. 1991 North Carolina Handicapped Code volume 1 – C with 1996 revissions
5. Fire, Life Safety Code IFC 2006
5. All related 2003 NFPA publications

Federal:

1. The American with Disabilities Act (ADA), Accessibility Guidelines for Buildings and Facilities- 1991 Edition

Respectfully,

Thomas M Carnell AIA NCARB | Managing Partner **CMArchitects, PLLC**

C, Economic Feasibility--2
Documentation of Availability of Funding

FIRST TENNESSEE.
powering your dreams

Paul C. Craft
Senior Vice President
Private Client Financial Services

August 7th, 2012

Melanie M. Hill, Executive Director
Tennessee Health Services and Development Agency
Andrew Jackson State Office Building, Suite 850
500 Deaderick Street
Nashville, Tennessee 37243

RE: Expansion of Campbell Clinic Ambulatory Surgical Treatment Center

Dear Mrs. Hill:

This letter is to provide assurance that First Tennessee Bank National Association is familiar with the expansion project that is being proposed for the Campbell Clinic Surgery Center in Germantown.

Upon submittal and approval of a formal financing application, we would expect to be able to provide both construction and permanent financing for this project. We understand that the financing required would total approximately $12,700,000.00 of initial funding.

The loan package on this project will reflect market conditions at the time of loan approval. Currently we would expect to finance this type of project at an interest rate of approximately 5.25%, for a term of 20 years. Attached is an amortization schedule reflecting that estimate.

We look forward to helping with the financing of this project.

Sincerely,

Paul C. Craft
Senior Vice President

First Tennessee Bank National Association
4385 Poplar Avenue
Memphis, TN 38117
Phone (901) 681-2527
Fax (901) 681-2318

Loan Amortization Schedule

	Enter values
Loan amount	$12,700,000.00
Annual interest rate	5.25 %
Loan period in years	20
Number of payments per year	12
Start date of loan	9/1/2012
Optional extra payments	

Lender name: First Tennessee Bank

	Loan summary
Scheduled payment	$ 85,578.21
Scheduled number of payments	240
Actual number of payments	240
Total early payments	$ -
Total interest	$ 7,838,770.19

Pmt. No.	Payment Date	Beginning Balance	Scheduled Payment	Extra Payment	Total Payment	Principal	Interest	Ending Balance	Cumulative Interest
1	10/1/2012	$ 12,700,000.00	$ 85,578.21	$ -	$ 85,578.21	$ 30,015.71	$ 55,562.50	$ 12,669,984.29	$ 55,562.50
2	11/1/2012	$ 12,669,984.29	$ 85,578.21	$ -	$ 85,578.21	$ 30,147.03	$ 55,431.18	$ 12,639,837.26	$ 110,993.68
3	12/1/2012	$ 12,639,837.26	$ 85,578.21	$ -	$ 85,578.21	$ 30,278.92	$ 55,299.29	$ 12,609,558.34	$ 166,292.97
4	1/1/2013	$ 12,609,558.34	$ 85,578.21	$ -	$ 85,578.21	$ 30,411.39	$ 55,166.82	$ 12,579,146.95	$ 221,459.79
5	2/1/2013	$ 12,579,146.95	$ 85,578.21	$ -	$ 85,578.21	$ 30,544.44	$ 55,033.77	$ 12,548,602.51	$ 276,493.55
6	3/1/2013	$ 12,548,602.51	$ 85,578.21	$ -	$ 85,578.21	$ 30,678.07	$ 54,900.14	$ 12,517,924.44	$ 331,393.69
7	4/1/2013	$ 12,517,924.44	$ 85,578.21	$ -	$ 85,578.21	$ 30,812.29	$ 54,765.92	$ 12,487,112.15	$ 386,159.61
8	5/1/2013	$ 12,487,112.15	$ 85,578.21	$ -	$ 85,578.21	$ 30,947.09	$ 54,631.12	$ 12,456,165.05	$ 440,790.73
9	6/1/2013	$ 12,456,165.05	$ 85,578.21	$ -	$ 85,578.21	$ 31,082.49	$ 54,495.72	$ 12,425,082.57	$ 495,286.45
10	7/1/2013	$ 12,425,082.57	$ 85,578.21	$ -	$ 85,578.21	$ 31,218.47	$ 54,359.74	$ 12,393,864.09	$ 549,646.18
11	8/1/2013	$ 12,393,864.09	$ 85,578.21	$ -	$ 85,578.21	$ 31,355.05	$ 54,223.16	$ 12,362,509.04	$ 603,869.34
12	9/1/2013	$ 12,362,509.04	$ 85,578.21	$ -	$ 85,578.21	$ 31,492.23	$ 54,085.98	$ 12,331,016.81	$ 657,955.32
13	10/1/2013	$ 12,331,016.81	$ 85,578.21	$ -	$ 85,578.21	$ 31,630.01	$ 53,948.20	$ 12,299,386.80	$ 711,903.52
14	11/1/2013	$ 12,299,386.80	$ 85,578.21	$ -	$ 85,578.21	$ 31,768.39	$ 53,809.82	$ 12,267,618.40	$ 765,713.33
15	12/1/2013	$ 12,267,618.40	$ 85,578.21	$ -	$ 85,578.21	$ 31,907.38	$ 53,670.83	$ 12,235,711.03	$ 819,384.16
16	1/1/2014	$ 12,235,711.03	$ 85,578.21	$ -	$ 85,578.21	$ 32,046.97	$ 53,531.24	$ 12,203,664.05	$ 872,915.40
17	2/1/2014	$ 12,203,664.05	$ 85,578.21	$ -	$ 85,578.21	$ 32,187.18	$ 53,391.03	$ 12,171,476.87	$ 926,306.43
18	3/1/2014	$ 12,171,476.87	$ 85,578.21	$ -	$ 85,578.21	$ 32,328.00	$ 53,250.21	$ 12,139,148.88	$ 979,556.64
19	4/1/2014	$ 12,139,148.88	$ 85,578.21	$ -	$ 85,578.21	$ 32,469.43	$ 53,108.78	$ 12,106,679.44	$ 1,032,665.42
20	5/1/2014	$ 12,106,679.44	$ 85,578.21	$ -	$ 85,578.21	$ 32,611.49	$ 52,966.72	$ 12,074,067.96	$ 1,085,632.14
21	6/1/2014	$ 12,074,067.96	$ 85,578.21	$ -	$ 85,578.21	$ 32,754.16	$ 52,824.05	$ 12,041,313.79	$ 1,138,456.19
22	7/1/2014	$ 12,041,313.79	$ 85,578.21	$ -	$ 85,578.21	$ 32,897.46	$ 52,680.75	$ 12,008,416.33	$ 1,191,136.93
23	8/1/2014	$ 12,008,416.33	$ 85,578.21	$ -	$ 85,578.21	$ 33,041.39	$ 52,536.82	$ 11,975,374.95	$ 1,243,673.76
24	9/1/2014	$ 11,975,374.95	$ 85,578.21	$ -	$ 85,578.21	$ 33,185.94	$ 52,392.27	$ 11,942,189.00	$ 1,296,066.02
25	10/1/2014	$ 11,942,189.00	$ 85,578.21	$ -	$ 85,578.21	$ 33,331.13	$ 52,247.08	$ 11,908,857.87	$ 1,348,313.10
26	11/1/2014	$ 11,908,857.87	$ 85,578.21	$ -	$ 85,578.21	$ 33,476.96	$ 52,101.25	$ 11,875,380.91	$ 1,400,414.35
27	12/1/2014	$ 11,875,380.91	$ 85,578.21	$ -	$ 85,578.21	$ 33,623.42	$ 51,954.79	$ 11,841,757.50	$ 1,452,369.14
28	1/1/2015	$ 11,841,757.50	$ 85,578.21	$ -	$ 85,578.21	$ 33,770.52	$ 51,807.69	$ 11,807,986.98	$ 1,504,176.83
29	2/1/2015	$ 11,807,986.98	$ 85,578.21	$ -	$ 85,578.21	$ 33,918.27	$ 51,659.94	$ 11,774,068.71	$ 1,555,836.77
30	3/1/2015	$ 11,774,068.71	$ 85,578.21	$ -	$ 85,578.21	$ 34,066.66	$ 51,511.55	$ 11,740,002.05	$ 1,607,348.33
31	4/1/2015	$ 11,740,002.05	$ 85,578.21	$ -	$ 85,578.21	$ 34,215.70	$ 51,362.51	$ 11,705,786.35	$ 1,658,710.83
32	5/1/2015	$ 11,705,786.35	$ 85,578.21	$ -	$ 85,578.21	$ 34,365.39	$ 51,212.82	$ 11,671,420.96	$ 1,709,923.65
33	6/1/2015	$ 11,671,420.96	$ 85,578.21	$ -	$ 85,578.21	$ 34,515.74	$ 51,062.47	$ 11,636,905.22	$ 1,760,986.12

C, Economic Feasibility--10
Financial Statements

Balance Sheet
As of 12/31/2011

Campbell Surgery Center (CSC)

Assets				
Current Assets				
1010-000-00	Cash - Checking	$	1,272.76	
1060-000-00	Cash - Trustmark	$	52,489.70	
1090-000-00	Petty Cash	$	300.00	
1210-000-00	A/R - Patients	$	1,579,618.47	
1250-000-00	A/R Allowance - Cash Basis Adj	$	-319,269.32	
1299-000-00	Allowance Doubtful Accts	$	-1,260,349.15	
	Total Current Assets:			$ 54,062.46
Fixed Assets				
1510-000-00	Plant Prop & Eqpt - Med Eqpt	$	1,974,924.74	
1511-000-00	Plant Prop & Eqpt - A/D Med Eq	$	-1,933,426.75	
1520-000-00	Plant Prop & Eqpt - Off Eqpt	$	107,175.57	
1521-000-00	Plant Prop & Eqpt - A/D Off Eq	$	-107,175.57	
1525-000-00	Plant Prop & Eqpt - Software	$	25,560.00	
1526-000-00	Plant Prop & Eqpt - A/D Softwr	$	-25,560.00	
1530-000-00	Plant Prop & Eqpt - Off Furn	$	63,157.08	
1531-000-00	Plant Prop & Eqpt - A/D Off Fu	$	-63,157.08	
1540-000-00	Plant Prop & Eqpt - Sx Instru	$	811,390.62	
1541-000-00	Plant Prop & Eqpt - A/D Sx Ins	$	-828,390.62	
1550-000-00	Plant Prop & Eqpt - L/Hold Off	$	115,048.84	
1551-000-00	Plant Prop & Eqpt - A/D L/H Of	$	-97,036.47	
	Total Fixed Assets:			$ 42,510.36
	Total Assets:			$ 96,572.82
Liabilities				
2105-000-01	Insurance W/H (Dental)	$	-159.40	
2105-000-02	Insurance W/H (Health)	$	2,232.21	
2105-000-03	Insurance W/H (Cancer)	$	166.67	
2105-000-05	Insurance W/H (Life)	$	226.92	
2105-000-06	Insurance W/H (STD)	$	43.79	
2105-000-08	Insurance W/H (Vision)	$	62.09	
2106-000-01	Other Payroll W/H (ID Shield/Legal)	$	13.79	
2252-000-00	Current Note Pay - Credit Line	$	99,634.58	
	Total Liabilities:			$ 102,220.65
Equity				
3100-000-00	Contributed Capital	$	1,000.00	
3512-000-00	Distribution - Campbell Clinic	$	-18,861,696.60	
3900-000-00	Retained Earnings-Current Year	$	2,613,792.61	
3900-000-00	Retained Earnings	$	16,241,256.16	
	Total Equity:			$ -5,647.83
	Total Liabilities & Equity:			$ 96,572.82

Income Statement
For The 12 Periods Ended 12/31/2011

Campbell Surgery Center (CSC)

		Period to Date	% of Revenue	Year to Date	% of Revenue
Revenue					
4000-000-00	Gross Patient Revenue - Ortho	$ 3,253,216.13	81.54%	$ 33,360,875.66	78.12%
4005-000-00	Gross Patient Revenue - Pain	$ 736,383.50	18.46%	$ 9,342,586.26	21.88%
	Total Revenue:	$ 3,989,599.63	100.00%	$ 42,703,461.92	100.00%
Adjustments					
4010-000-00	Contractual Adjustment	$ 3,048,005.72	76.40%	$ 33,031,882.84	77.35%
4040-000-00	Other Revenue	$ -282.51	-0.01%	$ -3,691.44	-0.01%
4050-000-00	Cash Basis Adjustment	$ 301,933.99	7.57%	$ -88,014.21	-0.21%
	Total Adjustments:	$ 3,349,657.20	83.96%	$ 32,940,177.19	77.14%
	Gross Profit:	$ 639,942.43	16.04%	$ 9,763,284.73	22.86%
Expenses					
6012-000-00	Salaries & Wages - Bus Office	$ 51,675.04	1.30%	$ 388,163.47	0.91%
6014-000-00	Salaries & Wages - Clinical	$ 193,425.14	4.85%	$ 1,597,005.37	3.74%
6016-000-00	Salaries & Wages - Gain/Bonus	$ 68,289.54	1.71%	$ 155,627.40	0.36%
6050-000-00	Payroll Taxes	$ 21,107.19	0.53%	$ 172,560.32	0.40%
6072-000-00	Employee Benefits - (H/D/L/D)	$ 100.84	0.00%	$ 133,184.44	0.31%
6082-000-00	Employee Benefits - Retirement	$ 0.00	0.00%	$ 100,000.00	0.23%
6084-000-00	Personnel - Education	$ 0.00	0.00%	$ 4,588.61	0.01%
6085-000-00	Personnel - Contract Employees	$ 0.00	0.00%	$ 1,174.08	0.00%
6309-000-00	Clinic - Small Instruments	$ 2,993.23	0.08%	$ 63,490.86	0.15%
6310-000-00	Clinic - Surgical Supplies	$ 64,989.58	1.63%	$ 867,823.06	2.03%
6311-000-00	Clinic - Implants	$ 92,101.75	2.31%	$ 1,132,891.53	2.65%
6312-000-00	Clinic - Oxygen/Medical Gas	$ 1,564.76	0.04%	$ 14,748.86	0.03%
6313-000-00	Clinic - Anesthesia Supples	$ 3,394.85	0.09%	$ 28,008.45	0.07%
6314-000-00	Clinic - IV Solutions	$ 527.90	0.01%	$ 13,887.16	0.03%
6315-000-00	Clinic - Anesthesia Pharmaceuticals	$ 11,447.09	0.29%	$ 100,901.72	0.24%
6316-000-00	Clinic - Pharmaceuticals	$ 14,085.55	0.35%	$ 132,671.25	0.31%
6317-000-00	Clinic - Sutures	$ 5,114.11	0.13%	$ 84,638.21	0.20%
6318-000-00	Clinic - Xray Film & Supplies	$ 0.00	0.00%	$ 2,725.66	0.01%
6319-000-00	Clinic - Disposable Packs	$ 15,355.44	0.38%	$ 220,722.97	0.52%
6323-000-00	Clinic - Equip/Instr Rental	$ 0.00	0.00%	$ 10,313.16	0.02%
6324-000-00	Clinic - Trash/Medical Waste	$ 2,214.48	0.06%	$ 21,562.27	0.05%
6330-000-00	Clinic - Uniforms/Laundry	$ 12,345.02	0.31%	$ 143,827.90	0.34%
6332-000-00	Clinic - Food Patient/Employee	$ 4,494.17	0.11%	$ 33,554.29	0.08%
6341-000-00	Clinic - Equip R&M Contract	$ 14,240.11	0.36%	$ 135,427.66	0.32%
6342-000-00	Clinic - Equip/Instr R&M	$ 197.90	0.00%	$ 26,116.19	0.06%
6343-000-00	Clinic - Lab Services	$ 0.00	0.00%	$ 2,066.25	0.00%
6510-000-00	Facility - Rent/Lease	$ 32,498.78	0.81%	$ 377,758.80	0.88%
6516-000-00	Facility - Property Taxes	$ 4,989.15	0.13%	$ 73,262.51	0.17%
6520-000-00	Facility - Utilities	$ 8,272.85	0.21%	$ 116,587.78	0.27%
6526-000-00	Facility - Cable	$ 0.00	0.00%	$ 857.37	0.00%
6527-000-00	Facility - Trash	$ 0.00	0.00%	$ 1,998.16	0.00%
6528-000-00	Facility - Telephone	$ 237.50	0.01%	$ 2,855.65	0.01%
6530-000-00	Facility - Bldg Repair/Main	$ 5,554.93	0.14%	$ 115,206.68	0.27%
6534-000-00	Facility - Janitor/Housekeep	$ 3,483.60	0.09%	$ 37,737.14	0.09%
6544-000-00	Facility - Security	$ 0.00	0.00%	$ 1,050.18	0.00%
6710-000-00	Admin - Accounting Fees	$ 630.15	0.02%	$ 7,798.98	0.02%
6712-000-00	Admin - Bank Charges	$ 1,844.82	0.05%	$ 22,667.99	0.05%
6714-000-00	Admin - Contributions	$ 0.00	0.00%	$ 1,000.00	0.00%
6715-000-00	Admin - Marketing	$ 0.00	0.00%	$ 466.23	0.00%
6716-000-00	Admin - Dues/Books/Subs	$ 380.33	0.01%	$ 2,151.80	0.01%
6717-000-00	Admin - Education/Training	$ 175.00	0.00%	$ 6,935.15	0.02%
6718-000-00	Admin - Licenses/Fees	$ 23.75	0.00%	$ 8,739.90	0.02%
6724-000-00	Admin - Business Meals & Ent	$ 0.00	0.00%	$ 2,887.98	0.01%
6725-000-00	Admin - Miscellaneous	$ 200.00	0.01%	$ 218.00	0.00%
6726-000-00	Admin - Prof/Gen Liability Ins	$ 3.09	0.00%	$ 41,040.77	0.10%
6727-000-00	Admin - Info Tech Outside Serv	$ 1,235.95	0.03%	$ 17,059.87	0.04%
6728-000-00	Admin - Office Supplies	$ 1,917.84	0.05%	$ 47,103.72	0.11%
6729-000-00	Admin - Postage/Ship/Courier	$ 4,741.00	0.12%	$ 56,922.63	0.13%
6730-000-00	Admin - Pro Fees Other	$ 0.00	0.00%	$ 1,294.00	0.00%
6731-000-00	Admin - Pro Fees Collections	$ 0.00	0.00%	$ 37,317.96	0.09%

		Period to Date	% of Revenue	Year to Date	% of Revenue
6733-000-00	Admin - Pro Fees Transcription	$ 5,675.80	0.14%	$ 55,636.10	0.13%
6734-000-00	Admin - Pro Fees Consultants	$ 0.00	0.00%	$ 1,200.00	0.00%
6742-000-00	Admin - Office Eqpt R&M	$ 0.00	0.00%	$ 969.91	0.00%
6745-000-00	Admin - Income Taxes	$ 1.18	0.00%	$ 0.00	0.00%
6746-000-00	Admin - Sales Taxes	$ 14,369.12	0.36%	$ 175,940.89	0.41%
6750-000-00	Admin - Travel	$ 158.12	0.00%	$ 8,519.24	0.02%
6800-000-00	Admin - Minor Equipment	$ 0.00	0.00%	$ 7,596.05	0.02%
6901-000-00	Other - Miscellaneous	$ 750.00	0.02%	$ 7,980.14	0.02%
6916-000-00	Other - Depreciation	$ 53,344.13	1.34%	$ 321,415.00	0.75%
6918-000-00	Other - Interest Expense	$ 226.87	0.01%	$ 1,634.58	0.00%
	Total Expenses:	$ 720,377.65	18.06%	$ 7,149,492.30	16.74%
	Net Income from Operations:	$ -80,435.22	-2.02%	$ 2,613,792.43	6.12%
Other Income and Expense					
8090-000-00	Other Income - Gain Disp FF&E	$ 20,962.00	0.53%	$ 0.18	0.00%
	Total Other Income and	$ 20,962.00	0.53%	$ 0.18	0.00%
	Earnings before Income Tax:	$ -59,473.22	-1.49%	$ 2,613,792.61	6.12%
	Net Income (Loss):	$ -59,473.22	-1.49%	$ 2,613,792.61	6.12%

C, Orderly Development--7(C)
TDH Inspection & Plan of Correction

State of Tennessee
DEPARTMENT OF HEALTH
DIVISION OF HEALTH CARE FACILITIES
WEST TENNESSEE REGIONAL OFFICE
2975 Highway 45 Bypass, Suite C
Jackson, Tennessee 38305-2873
Phone: (731) 984-9684
Fax: (731) 512-0063

June 1, 2012

Administrator
Campbell Clinic Surgery Center, LLC
1410 Brierbrook Road
Germantown, TN 38138

RE: Licensure Health Survey/Follow-Up

Dear Administrator:

The West Tennessee Regional Office of Health Care Facilities with the Tennessee Department of Health completed a licensure health survey in your facility on **May 16, 2012**, to verify that your facility had achieved and maintained compliance with state regulations. Based on a review of your plan of correction, we are accepting your plan of correction and are assuming your facility is in compliance with all participation requirements.

Thank you for your cooperation shown during the survey. If we may be of further assistance to you, please do not hesitate to call.

Sincerely,

Kathy Zeigler, PHNC2

Kathy Zeigler, RN
Public Health Nurse Consultant 2

KZ/ab AB

STATE OF TENNESSEE
DEPARTMENT OF HEALTH
DIVISION OF HEALTH CARE FACILITIES
WEST TENNESSEE REGIONAL OFFICE
2975 Highway 45 Bypass, Suite C
Jackson, Tennessee 38305
Phone: (731) 984-9684
Fax: (731) 512-0063

IMPORTANT NOTICE - PLEASE READ CAREFULLY

May 22, 2012

Cynthia N. Armistead
Campbell Clinic Surgery Center
1410 Brierbrook Road
Germantown, TN 38138

RE: Licensure Survey

Enclosed is a statement of deficiencies as a result of an annual health licensure survey conducted at your facility **May 16, 1012**. Based upon 1200-8-10, you are asked to submit an acceptable plan of correction for achieving compliance within **ten (10) days from the date this letter**. The completion date for each deficiency should not be later than 45 days from the last day of the survey. You may fax your plan of correction to this office at (731) 512-0063 to accomplish the POC deadline, however **the signed and dated original copy of the POC should be mailed to the above address**.

To be acceptable, a plan of correction must respond to each deficiency noted stating specifically how each deficiency will be corrected and give the approximate date of completion. It is essential for purposes of clarification, as well as your best interest, that your plan of correction specifies the exact measures which will be taken to correct each deficiency. As both the statement of deficiencies and plans of correction are subject to public disclosure, statements such as "will comply by", "will complete by", and "already corrected" will not be considered acceptable. Your plan of correction must contain the following indicators:

- How the deficiency will be corrected.
- The date upon which each deficiency will be corrected.
- What measures/systemic changes will be put in place to ensure that the deficient practice does not recur
- How the corrective action will be monitored to ensure that the deficient practice does not recur

The Plan of Correction must be submitted on the state form enclosed, dated, and signed by the administrator before it is considered "acceptable". Whenever possible, please contain your plan of correction responses to the form furnished to you. In the event you need additional space, please continue your response on your letterhead or plain stationery with the name of your facility, address and other identifying information. Plans of correction must be signed by the administrator or other responsible official on the front page of the state form.

If you have any questions concerning the statement of deficiencies, survey process, or completion of forms, please do not hesitate to let us know. You may feel free to call this office and speak with me.

Please be sure to sign and date our plan of correction before sending it back to this office.

Sincerely,

Kathy Zeigler, PHNC 2

Kathy Zeigler, ~~RN~~
Public Health Nurse Consultant 2

KZ/ab

Enclosure

Division of Health Care Facilities

STATEMENT OF DEFICIENCIES AND PLAN OF CORRECTION	(X1) PROVIDER/SUPPLIER/CLIA IDENTIFICATION NUMBER:	(X2) MULTIPLE CONSTRUCTION	(X3) DATE SURVEY COMPLETED
	TNP535138	A. BUILDING _____ B. WING _____	05/16/2012

NAME OF PROVIDER OR SUPPLIER	STREET ADDRESS, CITY, STATE, ZIP CODE
CAMPBELL CLINIC SURGERY CENTER LLC	1410 BRIERBROOK ROAD GERMANTOWN, TN 38138

(X4) ID PREFIX TAG	SUMMARY STATEMENT OF DEFICIENCIES (EACH DEFICIENCY MUST BE PRECEDED BY FULL REGULATORY OR LSC IDENTIFYING INFORMATION)	ID PREFIX TAG	PROVIDER'S PLAN OF CORRECTION (EACH CORRECTIVE ACTION SHOULD BE CROSS-REFERENCED TO THE APPROPRIATE DEFICIENCY)	(X5) COMPLETE DATE
A 415	1200-8-10-.04 (11) Administration (11) Adequate medical screenings to exclude communicable disease shall be required of each employee. This Rule is not met as evidenced by: Based on policy review, employee health record review and interview, it was determined the facility failed to ensure adequate medical screenings on employees to exclude communicable disease were obtained for 11 of 47 personnel files reviewed. The findings included: Review of the facility's "Prevention of Tuberculosis Transmission" policy documented, "...Health care workers will be tested at least annually for tuberculosis..." Review of 11 employee health records revealed no documentation of adequate medical screenings performed on employees. During an interview in the Business Office on 5/16/12 at 3:35 PM, the Administrator stated, "... [named organization] and [named organization] both told us no longer necessary [skin test] if the form is filled out each year by the employee..."	A 415	A-415 - Reviewed facility's "Prevention of Tuberculosis Transmission" Policy with employee health nurse on 5-17-12. ALL employees received T.B. skin test on Monday, May 21. Skin ~~read~~ tests will be read by physician on May 24 and results documented in employees health Records on 5-25-12 with physician signature. Employees will continue to receive annual skin test per policy. Administrator and employee health nurse will monitor for compliance annually.	5-25-12
A 614	1200-8-10-.06 (1)(n) Basic Services (1) Surgical Services. (n) Properly executed informed consent, advance directive, and organ donation forms must be in the patient ' s chart before surgery, except in emergencies. This Rule is not met as evidenced by:	A 614		

Division of Health Care Facilities

Cynthia M. Armistead — TITLE: Administrator — (X6) DATE: 5/23/12

ORATORY DIRECTOR'S OR PROVIDER/SUPPLIER REPRESENTATIVE'S SIGNATURE

Division of Health Care Facilities

STATEMENT OF DEFICIENCIES AND PLAN OF CORRECTION	(X1) PROVIDER/SUPPLIER/CLIA IDENTIFICATION NUMBER:	(X2) MULTIPLE CONSTRUCTION	(X3) DATE SURVEY COMPLETED
	TNP535138	A. BUILDING _____ B. WING _____	05/16/2012

NAME OF PROVIDER OR SUPPLIER	STREET ADDRESS, CITY, STATE, ZIP CODE
CAMPBELL CLINIC SURGERY CENTER LLC	1410 BRIERBROOK ROAD GERMANTOWN, TN 38138

(X4) ID PREFIX TAG	SUMMARY STATEMENT OF DEFICIENCIES (EACH DEFICIENCY MUST BE PRECEDED BY FULL REGULATORY OR LSC IDENTIFYING INFORMATION)	ID PREFIX TAG	PROVIDER'S PLAN OF CORRECTION (EACH CORRECTIVE ACTION SHOULD BE CROSS-REFERENCED TO THE APPROPRIATE DEFICIENCY)	(X5) COMPLETE DATE
A 614	Continued From page 1 Based on policy review, medical record review and interview, it was determined the facility failed to obtain organ donor preference for 7 of 22 (Patients #2, 3, 5, 10,14,15, and #18) sampled patients. The findings included: Review of the facility's "Admission Procedure" policy documented, "...2.Preoperative nursing Personnel responsibilities...D. Document admission data on "Admission Record" form; ...whether patient is an organ donor ..." Medical record review for patients #2, 3,5,10, 14, 15,and #18 revealed no documentation of organ donation preference in the medical records. During an interview in the Administrator's office on 5/14/12 beginning at 3:45 PM, Nurse #1 confirmed the medical records did not contain the patient's organ donor preference.	A 614	A614 - Medical record 5-17-1 REVISED to include "Organ donation ☐ yes ☐ No" on preoperative assessment form. All old preoperative assessment forms destroyed and revised forms placed on charts. Nursing staff informed organ donation documentation required. This documentation peer reviewed monthly.	5-17-12
A 638	1200-8-10-.06 (1)(p)17. Basic Services (1) Surgical Services. (p) A crash cart must be available and include at a minimum the following medication and supplies: 17. pronestyl (procainaimide) This Rule is not met as evidenced by: Based on observation and interview, it was determined the facility failed to ensure that 1 of 1 crash cart was supplied with the medication pronestyl.	A 638	A-638 Pronestyl 100mg/1ml (2 10ml vials) ordered from compounding Pharmacy on 5-16-12 and arrived at facility on 5-17-12. Placed on crash cart A638	5-17-12

Cynthia Armistead
Administrator 5/23/12

Division of Health Care Facilities

STATEMENT OF DEFICIENCIES AND PLAN OF CORRECTION	(X1) PROVIDER/SUPPLIER/CLIA IDENTIFICATION NUMBER:	(X2) MULTIPLE CONSTRUCTION	(X3) DATE SURVEY COMPLETED
	TNP535138	A. BUILDING _____ B. WING _____	05/16/2012

NAME OF PROVIDER OR SUPPLIER	STREET ADDRESS, CITY, STATE, ZIP CODE
CAMPBELL CLINIC SURGERY CENTER LLC	1410 BRIERBROOK ROAD GERMANTOWN, TN 38138

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A 638	Continued From page 2 The findings included : Observations in the postoperative area on 5/15/12 at 2:45 PM, revealed the crash cart was not supplied with pronestyl. During an interview in the postoperative area on 5/15/12 at 2:50 PM, Nurse #1 stated, "I do not have it..." when asked if the medication pronestyl was present on the crash cart.	A 638	A-638 (cont.) Pronestyl placed on required crash cart medication list. Crash cart medications are monitored monthly for presence on cart and expiration dates.	5-17-12

Cynthia Hemmstead
Administrator 5-23-12

AAAHC - Standard Survey Report

2011 AAAHC Survey Report

Campbell Clinic Surgery Center, LLC

Organization ID: 22743

Germantown, Tennessee

April 05, 2012 to April 06, 2012

Alicia D. Johnson CHE, MPH, Chairperson

Marie L. Masztak RN

Information Regarding the AAAHC Survey Report

This *Survey Report* is used in conjunction with the *2011 Accreditation Handbook for Ambulatory Health Care*. This Survey Report reflects an evaluation of the organization's compliance with the standards as stated in the *Handbook*.

Evaluation of the Standards

SC -- Substantial Compliance indicates that the organization's current operations are acceptable and meet the standards. May require supporting comments to clarify or elaborate.
PC -- Partial Compliance indicates that a portion of the item is acceptable, but other areas need to be addressed. Requires supporting comments.
NC -- Non-Compliance indicates that the organization's current operations do not meet the standards. Requires supporting comments.
N/A -- Not Applicable indicates that the standard does not apply to the organization.

5250 Old Orchard Road, Suite 200
Skokie, IL 60077

Internet: www.aaahc.org
E-Mail: info@aaahc.org

The pronouns used in the Survey Report were chosen for the ease of reading. They are not intended to exclude reference to either gender.

Summary Table	Overall Chapter Level
1. Rights of Patients	SC
2. Governance	SC
I. General Requirements	SC
II. Credentialing and Privileging	SC
3. Administration	SC
4. Quality of Care Provided	SC
5. Quality Management and Improvement	SC
I. Peer Review	SC
II. Quality Improvement Program	SC
III. Risk Management	SC
6. Clinical Records and Health Information	SC
7. Infection Prev	SC
I. Prevention and Control	SC
II. Infection Safety	SC
8. Facilities and Environment	SC
9. Anesthesia Services	SC
10. Surgical and Related Services	SC
I. Surgical - General	SC
II. Surgical - Laser	NA
11. Pharmaceutical Services	SC
12. Pathology and Medical Laboratory Services	SC

I. CLIA-Waived Tests	SC
II. CLIA-Laboratories	NA
13. Diagnostic and Other Imaging Services	SC
14. Dental Services	NA
I. Dental Services	NA
II. Dental Home	NA
15. Other Professional & Technical Services	NA
I. General Services	NA
II. Travel Medicine	NA
16. Health Education and Health Promotion	NA
17. Behavioral Health	NA
18. Teaching and Publication Activities	SC
19. Research Activities	NA
20. Overnight Care and Services	SC
21. Employee and Occupational Health Services	NA
22. Immediate/Urgent Care Services	NA
23. Emergency Services	NA
24. Radiation Oncology Treatment Services	NA
25. Managed Care Organizations	NA
26. Lithotripsy	NA
27. Medical Home	NA

Previous Deficiencies

Chapter	Standard	Previous Compliance Level	Previous Comment	Current Compliance Level	Current Comment	Deficiency Comment
2 - Governance I	B-11	PC	Contracts are executed by the Administrator but have not been noted in the GB minutes as reviewed and approved in an ongoing manner.	SC	The GB approves all new contracts. Annually the GB reviews and evaluates the contacts at a specific meeting.	
2 - Governance I	D-1-b	PC	Contract review is not noted in the GB minutes.	SC		Contracts are recorded in the GB minutes.
2 - Governance II	B-3-g-i	PC	The center has not been requesting liability claims history from malpractice carrier, instead it relies on the practitioner to complete this information on the application.	SC		
2 - Governance II	C	PC	Each provider completes a request for privileges delineation form. This is reviewed by the Medical Director and acknowledged by the GB.The Pain Management providers have not requested nor been granted privileges to use and interpret x-rays.	SC	Providers are credentialed for two year periods.	Pain management providers now have privileges for use and interpretation of x-ray.
4 - Quality of Care	G	PC	Current practice is for a nurse to fax the physician the lab results and the physician signs the copy kept in his or her office record. The copy in the surgical record is not signed by the physician.	SC		
5 - Peer Review I	I. Peer Review	PC		SC		
5 - Peer Review I	C	PC	Incidents or untoward events are tracked and reports are completed and reviewed by the Medical Directors. The organization has not been doing peer review on providers who do not have a variance or care resulting in an incident report.	SC	The center conducts ongoing monitoring of infections, complications, incidents, patient complaints and other aspects of care.	

5 - Peer Review I	D	PC	The criteria used for review have not been the result of input from the MEC or medical staff members.	SC		
5 - Peer Review I	F	PC	Incident or risk reporting is noted in the GB minutes, but nothing that specifically is identified as Peer Review.	SC	Peer review is reported to the GB on a quarterly basis.	
5 - Peer Review I	G	PC	No specific mention of peer review is noted in the reappointment documentation at the GB level. There is peer evaluation documented in the credential file upon initial appointment.	SC	Each physician has a profile sheet completed for re-credentialing. This includes peer chart audits as one criteria for re-credentialing.	
5 - Risk Mgmnt III	C-8	PC	There is no specific written policy on how to handle a situation in which the provider becomes suddenly incapacitated.	SC	A policy has been developed and approved to manage a situation for incapacitated providers.	
6 - Clinical Records	J	PC	Allergies are noted on the preadmission sheet but not in any prominent location external to this sheet. The patient gets a red arm band indicating an allergy but nothing is written on it to specify the allergy.	SC	Allergies and reactions are noted on every chart. The documentation is for NKDA and should include all allergies; i.e. environmental, chemical etc.	The deficiency has been corrected per the documentation of the allergies and the reactions.
6 - Clinical Records	K-6	PC	All providers document care given, including medications, treatments, procedures and assessments. Anesthesia records were noted to be missing units next to the quantity of medication administered.	SC		There were 3 charts out of 15 that had inconsistent documentation of the anesthesia medications i.e. mcg vs cc vs mg.
8 - Facilities	A-2	PC	Emergency exit lights were not being tested monthly. Fire extinguishers were not marked as inspected on a monthly basis. The hardware on the two egress doors from the operating suite are multiple action knobs.	SC	The center recently had their state survey on 6-8-11 and was found to be in compliance with the Life Safety Code requirements of the Tennessee Department of Health, Standards for	

					Ambulatory Surgical Treatment Centers.	
8 - Facilities	A-3	PC	Emergency battery back-up lighting is not being tested on a monthly or annual basis. There is no battery back-up lighting in the Procedure room.	PC	The medical gases room is well vented with appropriate signage; however full and empty tanks are not identified. Tanks are chained in groups rather than individually per Medicare requirements.	
8 - Facilities	R	PC	Although the center did undergo renovation a few years ago and added additional operating room capacity they did not add additional storage space. There is very little room provided for supplies and equipment and some is found in hallways and on top of cabinets in plastic bins.	PC	The center has outgrown their capacity for storage, parking, and the waiting room. They are well into the planning stage for a new building or addition.	
9 - Anesthesia Srvcs	E	PC	The current operative consent includes language regarding anesthesia noting risks and alternatives have been explained however, the signature by the patient is obtained often before the Anesthesiologist speaks with the patient.	SC	Informed consent is obtained after anesthesia discusses the procedure with the patient and after the physician speaks to the patient and answers all questions.	The deficiency is corrected.
9 - Anesthesia Srvcs	F	PC	The anesthesia providers, both MD and CRNA, are qualified and properly credentialed. The Pain Management physicians who supervise RNs and use conscious sedation, do not have specific privileges to do so.	SC	There are clear guidelines for the supervision of the provision of anesthesia.	The physicians overseeing the use of conscious sedation are credentialed and privileges are delineated.
11 - Overnight Care	Q	PC	To date the staff have not done any discrete QI studies on the extended care unit.	SC		The number of overnight stays have dramatically decreased in the past two years. The charts reviewed that were overnight stays had no deficiencies. The suggestion for every chart of an overnight stay will meet the quality tracking for trends.

15 - Pharmaceutical Srvcs	H	PC	Anesthesia prepared syringes for blocks and did not label some of the block preparations. The syringes drawn by PACU for antibiotic use or in the OR, on the back table all medications were properly labeled.	SC	The process is followed consistently for labeling those medications that are drawn up with date, time and medication/dose.	The clinical staff performed the labeling process correctly and anesthesia spoke to the process and the correct process was observed.
16 - CLIA Waived Labs I	D	PC	The spoecimen log book identifies the patient name, number of specimens sent, date and initials of the currier picking up the specimens but no sign off by the center staff tracking the receipt of the results.	PC	There is not a clear process for identifying the number of results to be reviewed and whether the physician of record has reviewed the results prior to putting in the chart.	The lab reports and closing the process is still inconsistent and it is suggested the physicians who send the cultures and tissues and the managment complete a quality study to improve the process.
17 - Diagnostic Imaging	C-2	PC	The physiatrists have not been granted privileges to use and interpret the C-arm mages.	SC		The credentialing and dileneation of privileges for interpretation of C-arm images has been completed.
17 - Diagnostic Imaging	H	PC	There has been previous designation of oversight by a physician but this is not captured in the GB minutes and there is not a current physician noted as responsible for the program.	SC	A radiologist is contracted to oversee the program and is utilized as necessary for any regulatory questions.	A Radiologist has been credentialed as the designated oversight physician and the program has been reviewed in the governing board minutes

Miscellaneous Information

PATIENT TRANSFER AGREEMENT

This Agreement is made and entered into this 8th day of February 2002, by and between Methodist **Healthcare – Memphis Hospitals, on behalf of Methodist Germantown ("Hospital")**, a Tennessee not-for-profit hospital corporation and Campbell Surgery Center, LLC ("Facility").

WHEREAS, Facility may, from time to time, have patients who require medical care or services which Facility cannot provide, such as inpatient care, which are provided by Hospital at its **Germantown** facility **or at another appropriate Methodist facility**.

WHEREAS, Facility desires to contract with Hospital regarding the transfer of certain of these patients (for whom transfer is requested by Facility and who are determined by Hospital to be appropriate for transfer hereunder) to Hospital for medical care and services.

NOW, THEREFORE, in consideration of the mutual promises and undertakings set out herein, the parties agree as follows:

1. Procedure. Facility, upon determining that a patient requires medical care at Hospital, shall contact the office/department designated by Hospital, advise said office/department that Facility has a patient to be considered for transfer to Hospital, and provide such information regarding the patient and needed medical care and services as requested by Hospital. All oral requests by Facility for transfer shall be confirmed by Facility in writing as soon thereafter as reasonably practicable. Hospital shall then, in its sole discretion, determine whether such proposed patient is appropriate for transfer to Hospital and whether a bed and the appropriate facilities and requested medical care are available. Hospital shall notify Facility of its acceptance or rejection of proposed transfer patients and, as to accepted patients, notify Facility of the date, location and time at which it will accept the transfer and each such accepted patient. When appropriate, the attending physician who will be admitting such patient to his/her service must also give approval.

2. Transfer and Delivery. Facility, after consultation with Hospital, shall arrange for the appropriate transportation of accepted transfer patient from Facility to Hospital and shall remain responsible for said patient until the patient's arrival at and admission to Hospital. Facility will institute and provide all necessary life support and other measures to minimize any danger of deterioration of the patient's condition.

3. Admission to Hospital. Patients transferred hereunder must be formally admitted to Hospital by a member of Hospital's Medical Staff and must

comply with Hospital's conditions, requirements and policies for admission.

4. Patient Records and Information.

A. Facility shall provide Hospital with the patient's complete chart and medical records, pertinent administrative information, as well as other pertinent, necessary or useful information regarding the patient and the care required or to be received. When such information is needed in connection with Hospital's preparation to admit, receive or care for the patient, Facility shall provide such information to Hospital prior to transfer of the patient. Otherwise, such information shall accompany the patient upon transfer.

B. It is acknowledged by the parties that the quality of patient care to be provided by Hospital is directly affected by the information provided to Hospital, and therefore, Facility agrees to promptly provide Hospital with all useful or requested information concerning the patient available to Facility.

5. Patient Authorizations and Consent. Except in emergency situations, Facility shall, prior to transfer, advise and inform each patient of the details of the transfer, the need or reason(s) for the transfer, alternatives to the transfer, the risks involved and possible benefits of the transfer, and other information in accordance with the guidelines set out in the Accreditation Manual and in accordance with all acceptable laws, rules and regulations. In addition, Facility shall obtain from each patient and informed consent for such transfer to Hospital.

6. Patient's Valuables. Facility shall, prior to transfer, prepare an inventory of each patient's valuables which are being transported with patient, and shall have the transporting medium execute a receipt of said inventory and valuables. Said inventory and a copy of said receipt shall be provided to Hospital which shall execute a receipt for the valuables it actually receives. Hospital shall have no responsibility or liability for any valuables not listed on the receipt executed by Hospital or for the loss of any valuables which does not occur while said valuables are in the custody of Hospital.

7. Billing and Collections. Patients transferred hereunder are responsible for payment for care received at either Hospital or Facility and for payment of all transportation charges. Each party shall be responsible for its own billing and collections.

8. Term and Termination.

A. The term of this Agreement shall be 2003 year, commencing 2/8, 2002 and shall automatically renew successive one (1) year periods until terminated as hereinafter provided. Notwithstanding anything herein to the contrary, this Agreement may be terminated by either party without cause and without liability for termination upon thirty (30) days written notice to the other party; and this Agreement may be terminated for cause by either party upon the default of the other party hereunder when such default continues for a period of three (3) days after delivery of written notice of default to the defaulting party.

This Agreement shall terminate immediately upon either party losing (by revocation or otherwise) its license or accreditation, becoming ineligible as a provider of services under Public Law 89-97, or becoming unable to provide necessary patient care and services.

B. In the event of termination, the parties shall provide the continuity of care for all patients previously transferred hereunder and shall continue to meet all commitments and obligations hereunder for all patients previously transferred to Hospital but not yet returned to the Facility.

9. Liability and Indemnity. Facility shall defend, indemnify and hold Hospital, its directors, employees, agents and representatives harmless from and against and all claims or liability, of any nature whatsoever, resulting from or arising out of Facility's acts or omissions in the care or treatment of any patient hereunder or Facility's failure to comply with the provisions of this Agreement. Facility shall maintain, throughout the term of this Agreement, at its sole expense, comprehensive professional and general liability insurance coverage of minimum limits of $1,000,000 (One Million Dollars) per occurrence and $3,000,000 (Three Million Dollars) annual aggregate. If such coverage is on a claims-made basis, Facility agrees to purchase an extended reporting endorsement or tail coverage in the event such coverage is terminated, regardless of cause. Facility shall provide Hospital with a certificate of insurance, upon request.

Hospital shall defend, indemnify and hold the Facility harmless from and against any and all claims or liability, of any nature whatsoever, resulting from or arising out of Hospital's acts or omissions in the care or treatment of any patient hereunder or Hospital's failure to comply with the provisions of this Agreement.

10. Miscellaneous Provisions.

A. Hospital has not and does not by execution of this Agreement represent or warrant that it will reserve any beds for such transfer patients from Facility or guarantee the availability of beds at Hospital for use by proposed transfer patients.

B. Nothing in this Agreement shall be construed as limiting the right of either party to contract with any other hospital, nursing home, health care facility or institution while this Agreement is in effect or thereafter.

C. Hospital shall have no liability whatsoever for refusing or failing to approve or accept any patient proposed by Facility for transfer hereunder.

D. Neither party shall use the name of the other in any promotional or advertising material unless approved in writing by the party whose name is to be so used.

E. Hospital and Facility shall each designate an appropriate person to serve as liaisons between the two parties regarding this Agreement.

F. This Agreement represents the entire agreement of the parties and may be amended or modified only in writing, signed by both parties.

G. This Agreement shall be governed by and construed in accordance with the laws of the State of Tennessee.

H. All transfers hereunder shall be accomplished in every respect so as to comply with applicable laws, rules and regulations, including but not limited to COBRA, Emergency Medical Treatment and Active Labor Act, and the Tennessee Hospital Transfer Regulations.

I. Nothing in this Agreement shall be construed or interpreted as requiring either party to transfer its patients to the other facility, precluding either party from using another facility, or obligating either party to accept all proposed or requested transfers from the other facility.

J. This Agreement may not be assigned or transferred without prior written consent of both parties. Notwithstanding this provision, this Agreement will inure to the benefit of the parties, successor organizations, and permitted assigns.

K. Waiver of breach of any provision will not constitute a waiver of any subsequent of the same or any other provision.

L. Facility agrees to cooperate with any corporate compliance program now or hereafter instituted by Methodist Healthcare or its affiliates.

M. Facility agrees to assist Hospital in meeting all applicable state and federal rules and regulations, and will provide services to Hospital in accordance with the standards of the Comprehensive Accreditation Manual for Hospitals of the Joint Commission on Accreditation of Healthcare Organizations and other accrediting bodies as necessary.

N. It is the policy of Methodist Healthcare ("MH") and its subsidiaries not to contract or have business relationships with individuals or entities that have been excluded from federal healthcare programs by the U.S. Department of Health and Human Services Office of Inspector General, and to routinely verify that an individual or entity with which it contracts or does business has not been excluded from federal healthcare programs. Facility hereby agrees that if it is excluded from participation in federal healthcare programs, it will immediately notify MH in writing of such exclusion, and agrees that it shall, within thirty (30) days of written demand, reimburse MH for any and all refunds or repayments MH is required to make to the federal healthcare programs, and also reimburse MH for any and other losses, costs, expenses, or damages it has incurred or suffered due to the exclusion.

Facility agrees that it has an affirmative obligation to verify whether any of its employees or subcontractors have been excluded from federal healthcare programs and warrants that it will routinely verify their status and will immediately notify MH in writing if it determines that any of its employees or subcontractors utilized to perform services pursuant to this agreement have been excluded from federal healthcare programs. Facility agrees that if MH learns that Facility or any employee or subcontractor of Facility utilized to perform services pursuant to this agreement has been excluded from participation in federal healthcare programs, MH may immediately terminate, without penalty, any contracts or other business arrangements it has with Facility upon written notice to Facility. Alternatively, at MH's option, Facility shall remove and replace any such excluded employee or subcontractor from performing services pursuant to this

agreement. In either event, Facility shall, within thirty (30) days of written demand, reimburse MH for any and all refunds or repayments MH is required to make to the federal healthcare programs, and also reimburse MH for any and other losses, costs, expenses, or damages it has incurred or suffered due to the use by Facility of the excluded employee or subcontractor to perform services pursuant to this agreement.

O. Facility agrees to comply with the organizational Code of Ethics of Methodist Healthcare and its affiliated corporations.

P. Unless otherwise permitted by applicable law, each party to this Agreement will not use or disclose certain confidential, proprietary, and non-public financial and other information concerning patients ("Confidential Information") in violation of the requirements of 45 CFR 165.504 and 164.506(e)1, known as the Health Insurance Portability and Accountability Act of 1996, Privacy and Security Standards ("HIPAA"), which are incorporated herein by reference. Each party agrees to comply with applicable HIPAA standards in all respects as soon as practicable, but not later than the proposed HIPAA compliance date of April 14, 2003, including the implementation of all necessary safeguards to prevent such disclosure and the assurance that any subcontractors or agents to whom either party has provided Confidential Information agree to the same restrictions and conditions imposed on the parties hereto under HIPAA.

IN WITNESS WHEREOF, the parties have executed this Agreement by and through the signatures of their duly authorized representatives.

CAMPBELL'S SURGERY CENTER

By: _____

Name: John M. Vines

Title: CEO

Date: 2/6/02

METHODIST HEALTHCARE – MEMPHIS HOSPITALS, on behalf of Methodist Germantown

By: David G. Baytos

Name: David G. Baytos

Title: Vice President

Date: February 1, 2002

AFFIDAVIT

STATE OF TENNESSEE

COUNTY OF DAVIDSON

JOHN WELLBORN, being first duly sworn, says that he/she is the applicant named in this application or his/her/its lawful agent, that this project will be completed in accordance with the application, that the applicant has read the directions to this application, the Rules of the Health Services and Development Agency, and T.C.A. § 68-11-1601, *et seq.*, and that the responses to this application or any other questions deemed appropriate by the Health Services and Development Agency are true and complete.

John L Wellborn
SIGNATURE/TITLE

Sworn to and subscribed before me this 14th day of August (Month), 2012 (Year) a Notary

Public in and for the County/State of Davidson / Tennessee.

NOTARY PUBLIC

My commission expires March 3 (Month/Day), 2015 (Year).

JOSEPH E. BIRDSONG
STATE OF TENNESSEE NOTARY PUBLIC
DAVIDSON COUNTY

My Commission Expires March 3, 2015

NOTIFICATION OF INTENT
TO APPLY FOR A CERTIFICATE OF NEED

This is to provide official notice to the Health Services and Development Agency and all interested parties, in accordance with T.C.A. Sections 68-11-1601 et seq., and the Rules of the Health Services and Development Agency, that Campbell Clinic Surgery Center (an ambulatory surgical treatment center), owned and managed by Campbell Clinic Surgery Center, LLC (a limited liability company), intends to file an application for a Certificate of Need to expand its facility, from five surgical rooms (four operating rooms and one procedure room) to ten surgical rooms (eight operating rooms and two procedure rooms), on its present site at 1410 Brierbrook Road, Germantown, TN 38138, at a project cost estimated at $13,500,000. The project does not include any new major medical equipment, or any additional health services, or any change in scope from the facility's current surgical specialties. It will add approximately 21,000 square feet of space to the facility.

The facility is licensed by the Board for Licensing Health Care Facilities as an ambulatory surgical treatment center. Its services are limited to orthopaedics and pain management. No change in licensure is proposed.

The anticipated date of filing the application is on or before August 15, 2012. The contact person for the project is John Wellborn, who may be reached at Development Support Group, 4219 Hillsboro Road, Suite 203, Nashville, TN 37215, (615) 665-2022.

Upon written request by interested parties, a local Fact-Finding public hearing shall be conducted. Written requests for hearing should be sent to:

Health Services and Development Agency
Andrew Jackson Building
500 Deaderick Street, Suite 850
Nashville, Tennessee 37243

Pursuant to TCA Sec. 68-11-1607(c)(1): (A) any health care institution wishing to oppose a Certificate of Need application must file a written objection with the Health Services and Development Agency no later than fifteen (15) days before the regularly scheduled Health Services and Development Agency meeting at which the application is originally scheduled, and (B) any other person wishing to oppose the application must file written objection with the Health Services and Development Agency at or prior to the consideration of the application by the Agency.

SUPPLEMENTAL

SUPPLEMENTAL

DSG Development Support Group

2012 AUG 22 AM 9:37

August 21, 2012

Philip M. Wells, FACHE, Health Planner III
Health Services and Development Agency
Andrew Jackson State Office Building, Suite 850
500 Deaderick Street
Nashville, Tennessee 37243

RE: Certificate of Need Application CN1208-040
Campbell Clinic Surgery Center

Dear Mr. Wells:

This letter responds to your recent request for additional information on this application. The items below are numbered to correspond to your questions. They are provided in triplicate, with affidavit.

1. **Section A, (Applicant Profile), Item 8 (Purpose of Review**

   Your response is noted. Checking Item 8.C is correct. Checking Item 8.I. and the additional information appears to be in error. Please provide a revised page 2 with the corrected response.

   Attached following this page is revised page 2R.

2. **Section B, II (Project Description) Item 1**

   Your explanation regarding the need for two additional operating room and one procedure room and placing them into service in January 2014 is noted. The thought of shelling two additional operating rooms through all or most of year six (2019) due to their projected usage not being needed and their location within the operating suite also is noted. Would the applicant be open to keeping these rooms "shelled" until their usage appears required and submitting an additional Certificate of Need for their opening once the applicant is ready to place them into service?

4219 Hillsboro Road, Suite 203
Nashville, TN 37215
jwdsg@comcast.net
Tel 615.665.2022
Fax 615.665.2042

The applicant would much prefer to be heard on the full proposed complement of four additional operating rooms. In fact, it is necessary and appropriate to include the two "shelled" operating as a part of this proposed project for two important reasons. First, beginning later this year, the applicant will undertake a comprehensive strategic planning process relating to both its campus and medical staff. Knowing with certainty what the applicant's surgery capacity will be for the next 10 years will be essential to the success of that planning process. Uncertainty around surgery capacity during that period will frustrate definitive planning for physician recruitment and other non-CON-related capital expenditures. Second, based on the applicant's high-intensity utilization trends, it is clear that the "shelled" rooms will need to be put into service to provide proper patient care. The only question is precisely when that will be required. Presently, the applicant anticipates that need can be forestalled until sometime in 2019; however, given that the applicant is the largest provider of orthopaedic surgery service in the Memphis-area, and the possibility for higher-than-projected patient volumes, it may be necessary to have the "shelled" operating rooms put into service sooner. Accordingly, some flexibility is warranted. Importantly, neither of the "shelled" operating rooms would be opened without strong justification in today's cost-conscious environment.

As a final matter, it is unclear why a second CON application process relating to the "shelled" operating rooms would be required. After all, any surgery center or hospital expansion costing less than a statutory threshold is by statute exempt from the CON process. Such expansions are frequently done without CON approval by hospitals and surgery centers. With that legal and precedential background, the HSDA is well within its authority to consider this proposal in its entirety, without imposing multiple CON reviews.

3. Section C, Economic Feasibility) Item 4 (Projected Data Chart) (Itemized "Other Expenses")

Page 50 Item D.8. , Line Accounting Expenses" appears to have a typographical error for it entry for the year, 2009. Please correct and submit a revised page.

Attached following this page is revised page 50R.

Additional Information Initiated By the Applicant

This week the Mississippi Health Planning Division responded to my request for three years' case and procedure data on the Baptist DeSoto Surgery Center in Mississippi, which is in the Campbell Clinic Surgery Center's primary service area. I was provided with what appears to be its case utilization for only CY2011. Attached following this page is supplemental Page 38b, Table Twelve-F, with that data added.

Respectfully,

John Wellborn

John Wellborn
Consultant

SUPPLEMENTAL

AFFIDAVIT

STATE OF TENNESSEE

2012 AUG 22 AM 9:37

COUNTY OF DAVIDSON

NAME OF FACILITY: CAMPBELL CLINIC SURGERY CENTER

I, John Wellborn, after first being duly sworn, state under oath that I am the applicant named in this Certificate of Need application or the lawful agent thereof, that I have reviewed all of the supplemental information submitted herewith, and that it is true, accurate, and complete.

John Wellborn
Signature/Title

Sworn to and subscribed before me, a Notary Public, this the 21st day of August, 2012, witness my hand at office in the County of Davidson, State of Tennessee.

Ryan B. Wallace
NOTARY PUBLIC

My commission expires 11-4-2013.

RYAN B. WALLACE
STATE OF TENNESSEE NOTARY PUBLIC
DAVIDSON COUNTY

HF-0043

Revised 7/02

LETTER OF INTENT -- HEALTH SERVICES & DEVELOPMENT AGENCY

The Publication of Intent is to be published in the Commercial Appeal, which is a newspaper of general circulation in Shelby County, Tennessee, on or before August 10, 2012, for one day.

2012 AUG -9 AM 10:05

This is to provide official notice to the Health Services and Development Agency and all interested parties, in accordance with T.C.A. Sections 68-11-1601 et seq., and the Rules of the Health Services and Development Agency, that Campbell Clinic Surgery Center (an ambulatory surgical treatment center), owned and managed by Campbell Clinic Surgery Center, LLC (a limited liability company), intends to file an application for a Certificate of Need to expand its facility, from five surgical rooms (four operating rooms and one procedure room) to ten surgical rooms (eight operating rooms and two procedure rooms), on its present site at 1410 Brierbrook Road, Germantown, TN 38138, at a project cost estimated at $13,500,000. The project does not include any new major medical equipment, or any additional health services, or any change in scope from the facility's current surgical specialties. It will add approximately 21,000 square feet of space to the facility.

The facility is licensed by the Board for Licensing Health Care Facilities as an ambulatory surgical treatment center. Its services are limited to orthopaedics and pain management. No change in licensure is proposed.

The anticipated date of filing the application is on or before August 15, 2012. The contact person for the project is John Wellborn, who may be reached at Development Support Group, 4219 Hillsboro Road, Suite 203, Nashville, TN 37215; (615) 665-2022.

John L. Wellborn 8-9-12 jwdsg@comcast.net

(Signature) (Date) (E-mail Address)

CERTIFICATE OF NEED
REVIEWED BY THE DEPARTMENT OF HEALTH
DIVISION OF HEALTH STATISTICS
615-741-1954

2012 OCT 22 PM 2:15

DATE: October 31, 2012

APPLICANT: Campbell Clinic Surgical Center
1410 Brierbrook Road
Germantown, Tennessee 38138

CONTACT PERSON: John L. Wellborn
Development Support Group
4219 Hillsboro Road, Suite 203
Nashville, Tennessee 37215

COST: $13,277,258

In accordance with Section 68-11-1608(a) of the Tennessee Health Services and Planning Act of 2002, the Tennessee Department of Health, Division of Health Statistics, reviewed this certificate of need application for financial impact, TennCare participation, compliance with *Tennessee's Health: Guidelines for Growth, 2000 Edition*, and verified certain data. Additional clarification or comment relative to the application is provided, as applicable, under the heading "Note to Agency Members."

SUMMARY:

The applicant, Campbell Clinic Surgical Center, located in Germantown (Shelby County), Tennessee, seeks Certificate of Need (CON) approval to expand their ambulatory surgical treatment center (ASTC) from five surgical rooms (four operating rooms and one procedure room) to ten surgical rooms (eight operating rooms and two procedure rooms), on its present site at 1410 Brierbrook Road in Germantown. The facility will continue to be licensed as an ASTC limited to orthopaedics and pain management procedures. It will continue to have a closed medical staff, limited to surgeons of Campbell Clinic, P.C. The project does not include any new medical equipment, add health services, or change in scope from the facilities current surgical specialties. This project will add approximately 21,000 square feet of space to the existing facility. The current facility contains 12,232 square feet and the expansion will increase the total area to 33,168 square feet.

The facility expansion will require 20,936 square feet of new construction and 6,784 square feet of renovation to existing areas, to create appropriate workflows and support areas, and to modernize the building to the most recently adopted State codes. The estimated $6,770,852 construction cost for this project is approximately $244 per square foot and is within the range of HSDA CON approved application costs per square foot for years 2009-2011.

Campbell Clinic Surgery Center LLC is wholly owned by Campbell Clinic P.C. The clinic has been a national and State leader in orthopaedics since 1910. It established both the Department of Orthopaedic Surgery and the Orthopaedic Residency program at UT School of Medicine at Memphis. All clinic surgeons hold faculty appointments at the University of Tennessee-Campbell Clinic Department of Orthopaedic Surgery and work closely with UT research programs. The clinic owns the land and building occupied by the applicant LLC, and leases them to the applicant LLC. The Campbell Clinic, P.C. (the practice, not the applicant) currently is owned by 42 physician members, none of whom owns 5% or more of the professional corporation.

The total estimated project cost is $13,277,258 and will be funded/financed by a 100% loan from First Tennessee Bank, made to the leaser of the property, the Campbell Clinic, P.C. Documentation of financing is provided in Attachment C, Economic Feasibility-2.

GENERAL CRITERIA FOR CERTIFICATE OF NEED

The applicant responded to all of the general criteria for Certificate of Need as set forth in the document *Tennessee's Health: Guidelines for Growth, 2000 Edition.*

NEED:
The project's service area consists of Fayette, Shelby, and Tipton counties in Tennessee and DeSoto County in Mississippi and Crittenden County in Arkansas.

The following charts illustrate the 2012 and 2016 total population and age 65 and older population projections for the applicant's Tennessee service area.

Service Area Total Population Projections for 2012 and 2016

County	2012 Population	2016 Population	% Increase/ (Decrease)
Fayette	39,245	41,453	5.6%
Shelby	949,665	976,726	2.8%
Tipton	62,952	66,587	5.8%
Totals	**1,051,862**	**1,084,766**	**3.1%**

Source: *Tennessee Population Projections 2000-2020, February 2008 Revision,* Tennessee Department of Health, Division of Health Statistics

Service Area Age 65 and Older Population Projections 2012 and 2016

County	2012 Population	2016 Population	% Increase or (Decrease)
Fayette	5,693	6,814	19.7%
Shelby	100,217	113,906	13.7%
Tipton	7,271	8,434	16.0%
Totals	**113,181**	**129,154**	**14.1%**

Source: *Tennessee Population Projections 2000-2020, February 2008 Revision*
Tennessee Department of Health, Division of Health Statistics

Service Area ASTCS Performing Orthopaedic and Pain Management Procedures 2011

Facility	ORs	Procedure Rooms	2011 Orthopaedic Procedures	2011 Pain Procedures
Baptist Germantown Surgery Center	5	0	2,110	785
Campbell Clinic Surgery Center	4	1	10,589	4,538
East Memphis Surgery Center	6	2	1,636	1,334
LeBonheur East Surgery Center II	4	0	50	0
Mays & Schnapp Pain Clinic & Rehab. Ctr.	2	0	0	11,117
Memphis Surgery Center	4	1	587	7
Methodist Surgery Center Germantown	4	1	2,722	2,266
Midtown Surgery Center	4	0	1,996	335
North Surgery Center	4	1	1,866	1,235
Semmes-Murphy Clinic	3	2	0	4,803
Surgery Center at Saint Francis	4	2	3,035	1,946
Total	**44**	**10**	**24,591**	**28,366**

Source: *Joint Annual Report of Ambulatory Surgical Treatment Centers 2011,* Tennessee Department of Health Division of Health Statistics

The Campbell Clinic Surgery Center's need to expand its surgical capacity falls under three categories: 1) Current Utilization and Design Issues in the Facility; 2) Historic and Projected Utilization of the Campbell Clinic; 3) and the Area-wide Need for the Project.

1) Current Utilization and Design Issues in the Facility

The service area has eleven ASTCs that reported performing orthopaedic and/or pain management procedures in 2011. Campbell Clinic Surgery Center (CCSC) performed the highest volume of

surgical procedures (16% of area-wide ASTC's procedures), the highest total number of orthopaedic and pain management procedures combined (15,127 or 29% of those facilities' procedures of that kind), and had the second highest intensity in total procedures per surgical room (3,025 per room overall).

This intensive utilization places heavy demand on the facility and staff. In CY2012, CCSC will be nearing its maximum possible utilization. It is projected CCSC will perform 16,210 procedures and 7,719 cases, in only four operating rooms and one procedure room. This equates to 1,544 cases/3,242 procedures per dedicated ambulatory surgery room. This is two to four times the 800 case/procedure level recommended by State CON Guidelines, which allow either cases or procedures to be used when calculating utilization intensity. The facility has 42 active surgeons and physiatrists (physical medicine and rehabilitation specialists) on its staff at the time of this application, and is recruiting additional physicians over the next two years.

In 2012, the rate of OR use for orthopaedic procedures will be 2,048 procedures per room, which is 256% of the state Guideline. It will be 873 cases per room, which is 109% of the Guideline calculated on a case basis. The applicant provides orthopaedic and pain management projection for 2012 on page 17, Table Five in the application.

Referrals continue to increase steadily as they have for the past decade (8.7% per compound annual growth rate since 2005). More surgical capacity and expanded support spaces are need as soon as possible. Some of the issues now confronting the applicant are:

- The four operating rooms and 1 procedure room routinely operate overtime, on most weekdays, with only one more year utilization growth feasible.
- The procedure room is 100% scheduled and its overflow pain procedures are taking up 20% of the schedule on one of the operating rooms previously reserved for orthopaedic cases.
- There are insufficient preoperative and postoperative spaces and insufficient equipment storage.
- Patients and companions in the waiting area exceed the 40-seat capacity at least three days a week.
- There is insufficient parking available.

Also, the project architect reviewed the existing facility for conformance with Tennessee's newly adopted Guidelines for Design of Healthcare Facilities, and with ADA and Architectural Barriers Act Adversity Guidelines. The architect found several deficiencies that the Campbell Clinic must remedy in an expansion project of this scope, even though it was originally constructed a decade ago in compliance with different codes and Guidelines.

2). Historic and Project Utilization of the Campbell Clinic

In Table Thirteen-A, Section C(I).6 of the application, the historic utilization of the Campbell Clinic Surgery Center is provided for the past seven years. Cases increase steadily at a compound annual growth rate (CAGR) of more than 10% a year. For the last three years, during which several surgeons retired or relocated, the CAGR was 5.9% a year.

In Table Thirteen-B, the applicant projects room utilization from the current year through CY2019, year six of the expanded facility. CY2012 utilization in the first two quarters grew more slowly due to temporary physician absences early in the year; but CY2012's case load in crease over Cy2011 is projected at 4.5%. The applicant projects a rapid annual increase in cases, based on major additions to the surgical staff in late 2012 and CY2013, and the availability of more operating rooms and procedure rooms by CY2014. Two additional new operating rooms will be shelled in during this proposed expansion, and used for storage until needed (after year six, as currently estimated). Throughout the projection period, overall average utilization per staffed room will significantly exceed the State Guideline of 800 cases or procedures per surgical room. In year two it is projected to operate at 154% of the Guideline when calculated on a case basis, and 323% of the Guideline when calculated on a procedure basis.

Table Thirteen-C shows orthopaedic and pain management case times and the efficient use of rooms. Pain cases will be in the two procedure rooms and orthopaedic cases will be in the operating rooms. In year six, the proposed eight staffed rooms as a group will utilize approximately 86% of available minutes; and the six orthopaedic operating rooms will utilize almost 90% of available time. After year six, the remaining two shelled operating rooms will be opened for orthopaedic cases. However, it is necessary to shell them in at the same time the other rooms are completed, because of their internal location.

3). Area Wide Need for the Project.

Tables Six-A, B, and C, on page 20 of the application, displays the reported utilization of ASTCs operating in the applicant Tennessee service area. The eleven reporting facilities include all service area multi-specialty and any single specialty ASTC authorized to perform orthopaedic or pain management procedures. During the past three years 2009-2011, the total procedures performed by these eleven ASTCs has increased by 20.7% Total reported procedures are 214% of the State Guidelines at which surgical capacity may be considered. Total cases are at 112% of the State Guideline if calculated on a case basis.

The applicant projects 9,173 cases/ 19,263 procedures in 2014 and 9,832 cases/ 20,647 procedures in 2015 of the project.

TENNCARE/MEDICARE ACCESS:
The applicant participates in the Medicare and TennCare programs and contracts with BlueCare, United Healthcare Community Plan, and TennCare Select MCOs.

The following chart illustrates the TennCare enrollees in the applicant's service area.

TennCare Enrollees in the Proposed Service Area

County	2012 Population	TennCare Enrollees	% of Total Population
Fayette	39,245	5,623	14.3%
Shelby	949,665	229,068	24.1%
Tipton	62,952	11,618	18.5%
Total	**1,051,862**	**246,309**	**23.4%**

Source: *Tennessee Population Projections 2000-2020,* February 2008 Revision Tennessee Department of Health, Division of Health Statistics and *Tennessee TennCare Management Information System, Recipient Enrollment,* Bureau of TennCare

The applicant projects year one Medicare revenues of $9,703,464 or 16.6% of gross revenues and TennCare/Medicaid revenues of $4,968,641 or 8.5% of gross revenues.

ECONOMIC FACTORS/FINANCIAL FEASIBILITY:
In the project Costs Chart, the estimated project cost is $13,277,258, which includes $578,000 for architectural and engineering fees; $60,000 for legal, administrative, and consultant fees; $425,000 for preparation of site; $6,800,000 for construction costs; $680,000 for contingency fund; $950,500 for fixed equipment; $2,848,483 for moveable equipment; $18,945 for IT, Telecommunications, furnishing, etc.; $577,500 for land only; $309,023 for financing costs and fees; and $29,807 for CON filing fees.

In the Historical Data Chart, the applicant reported 6,585 cases/15,582 procedures, 6,795 cases/ 15,327 procedures, and 7,387 cases/ 15,544 procedures in 2009, 2010, and 2011 with gross operating revenues of $36,385,532, $37,663,936, and $42,703,462 each year, respectively. Contractual adjustments, provisions for charity care and bad debt reduced net operating revenues to $10,114,950, $9,827,794, and $9,901,188 each year. The applicant reported a net operating income of $2,949,548, $2,793,377, and $2,772,658 each year, respectively.

In the Projected Data Chart, the applicant projects 9,173 cases/ 19,263 procedures in year one and 9,832 cases/ 20,647 procedures in year two with gross operating revenues of $58,454,601 and $62,904,670 each year respectively. Contractual adjustments, provisions for charity care and bad debt reduced net operating revenues to $13,561,468 and $14,593,882 each year. The applicant projects net operating revenues of $4,051,262 in year one and $4,287,803 in year two of the project.

In year one, the average projected gross charge per procedure is $3,035 and per case is $6,372, with an average deduction per procedure of $2,331 and per case is $4,894, resulting in a net charge per procedure of $704 and $1,478 per case. In year two, the average projected gross charge per procedure is $3,047 and per case is $6,398, with an average deduction per procedure of $2,340 and per case of $4,914, resulting in a net charge per procedure of $707 and $1,484 per case. The applicant compares charges with other service area providers on page 57 of the application.

The alternative of using capacity at existing open-staff multi-disciplinary surgery centers, or in a separated Campbell Clinic ASTC on another side of Memphis, was rejected for several reasons:

- Existing ASTC facilities are highly utilized and do not appear able to absorb the new case projections for this group of surgeons.
- Use of two or more existing ASTCs would be inefficient for Campbell Clinic surgeons in terms of travel time.
- Use of other owners' facilities would reduce Campbell Clinic's control of facility, staff, supplies, equipment, and scheduling.
- Use of other facilities could complicate the Campbell Clinic's quality management processes, and its management of residency and fellowship training in an ASTC environment.
- Other facilities' medical records systems would not be the same as the one being developed at Campbell Clinic, creating inefficiencies in pursuit of a unified medical electronic record for all Campbell Clinic patients and staff.
- Building a second Campbell Clinic Surgery Center would cost more than this expansion project, given the need to acquire a site and duplicate every type of space.

Expansion at the current site was contemplated when the facility was first developed; surplus land was purchased and the current facility was positioned to make expansion easy. The proposed plan makes use of existing space where possible.

CONTRIBUTION TO THE ORDERLY DEVELOPMENT OF HEALTHCARE:
The applicant has an emergency transfer agreement with Methodist LeBonheur Germantown Hospital. The applicant's physicians participate in educational and training programs of the University of Tennessee Medical School in Memphis; and they serve patients at the Regional Medical Center of Memphis and Methodist LeBonheur Children's Hospital, as well as many others.

The applicant believes this project will not significantly reduce the CCSC's surgeries being performed at other locations in the service area.

With respect to other providers, the case projections for this project were based on historical trends and needs at this facility only. Case projections did not include moving surgeries from other facilities where Campbell Clinic surgeons practice. Clinic surgeons perform ambulatory surgery at many other facilities, based on patient preference, insurance coverage, training of residents and fellows, and other reasons not related to availability of capacity at CCSC itself.

For example, between 2008 and 2011, Clinic surgeons performed 4,225 ambulatory surgeries at two Methodist Healthcare hospitals (Methodist Germantown and Methodist LeBonheur Children's), three Baptist facilities (DeSoto, Collierville, Memphis), and the Regional Medical Center.

The applicant provides the current and projected staffing for this project on page 63 of the application.

Campbell Clinic Surgery Center LLC is wholly owned by Campbell Clinic P.C. The clinic has been a national and State leader in orthopaedics since 1910. It established both the Department of Orthopaedic Surgery and the Orthopaedic Residency program at UT School of Medicine at Memphis, and all clinic surgeons hold faculty appointments in the University of Tennessee-Campbell Clinic Department of Orthopaedic Surgery and work closely with UT research programs. The clinic owns the land and building occupied by the applicant LLC, and leases them to the applicant LLC. As of August 2012 The Campbell Clinic has 42 practioners, of whom 40 are orthopaedic surgeons and 4 are physiatrists. All are Board-Certified except for two recent recruits from residency, who are required to practice for two years prior to certification. Many are sub-specialty and fellowship-trained.

Campbell Clinic specialists established the residency program at U.T. School of Medicine, which has trained more than 450 orthopaedic surgeons. During their five year program, orthopaedic residents work at CCSC for multiple 3-month rotations for subspecialty training, under the supervision of Campbell Clinic surgeons. The affiliated Campbell Foundation develops clinical leadership through funding and manages a 12-month fellowship training program for sub-specialists, who train at the Campbell Clinic Surgery Center and at area hospitals such as the Regional Medical Center, LeBonheur Children's Hospital, and the Methodist and Baptist hospital systems.

The applicant is licensed by the Tennessee Department of Health, Board for Licensing Healthcare Facilities and accredited by the Accreditation Association for Ambulatory Healthcare.

The most recent licensure survey occurred on May 16. 2012 and deficiencies were noted in the areas of administration and basic services. The applicant's plan of corrections was approved on June 1, 2012.

SPECIFIC CRITERIA FOR CERTIFICATE OF NEED

The applicant responded to all relevant specific criteria for Certificate of Need as set forth in the document *Tennessee's Health: Guidelines for Growth, 2000 Edition.*

AMBULATORY SURGICAL TREATMENT CENTERS

1. The need for an ambulatory surgical treatment center shall be based upon the following assumptions:

   a. An operating room is available 250 days per year, 8 hours per day.

      The applicant complies. The facility will be open at least 8 hours per day, 250 days per year.

   b. The average time per outpatient surgery case is 60 minutes.

   c. The average time for clean up and preparation between outpatient surgery cases is 30 minutes.

      CCSC orthopaedic cases will require an average of 115 minutes for surgery and 15 minutes for room clean-up and preparation for a total of 130 minutes per case.

      The CCSC pain management cases will require an average of 20 minutes for the procedure and 5 minutes for room clean-up and preparation, for total of 25 minutes per case.

The average case time facility-wide will be 67 minutes.

d. The capacity of a dedicated, outpatient, general-purpose operating room is 80% of full capacity. That equates to 800 cases per year.

The applicant complies. All of the surgical rooms now perform in excess of 800 cases per year; and all proposed staffed surgical rooms are projected to perform in excess of 800 cases per year beginning in year one and continuing every year thereafter.

e. Unstaffed operating rooms are considered available for ambulatory surgery and are to be included in the inventory and in the measure of capacity.

No unstaffed operating rooms were identified in the Tennessee primary service area that is comparable for CON review purposes.

2. "Service Area" shall mean the county or counties represented by the applicant as the reasonable area to which the facility intends to provide services and/or in which the majority of its service recipients reside.

The applicant complies. The primary service area is defines as counties contributing 2% or more of CCSC's patients. There are five such counties, three in Tennessee and one each in Mississippi and Arkansas. They collectively contributed 78.2% of CCSC's surgical patient ins CY2011.

3. The majority of the population of a service area for an ambulatory surgical treatment center should reside within 30 minutes travel time to the facility.

The applicant complies. The majority of the service area's population lives in Shelby County. Within Shelby County 4 of the five major communities are within 30 minutes drive time. The fifth, Millington is only 33 minute away. In addition, large population living in DeSoto County, Ms. near Southaven is within 30 minutes drive time.

4. All applicants should demonstrate the ability to perform a minimum of 800 operations and/or procedures per year per operating room and/or procedure room. This assumes 250 days x 4 surgeries/procedures x .80.

The applicant complies. In year one, the facility is projected to perform 1,147 cases and 3,408 procedures per surgical room. In subsequent years the utilization is projected to increase steadily. In CY2019, the complement of eight surgical rooms will operate at 1,552 cases and 3,258 procedures per surgical room.

5. A certificate of need (CON) proposal to establish a new ambulatory surgical treatment center or to expand the existing services of an ambulatory surgical treatment center shall not be approved unless the existing ambulatory surgical services within the applicant's service area or within the applicant's facility are demonstrated to be currently utilized at 80% of service capacity. Notwithstanding the 80% need standard, the Health Facilities Commission may consider proposals for additional facilities or expanded services within an existing facility under the following conditions: proposals for facilities offering limited-specialty type programs or proposals for facilities where accessibility to surgical services is limited.

The applicant complies. The 2011 Joint Annual Reports for ASTCs showed that the eleven comparable facilities in the primary service area average 895 cases/1,713 procedures per surgical room. In addition, the applicant states they offer limited specialty services (orthopaedic /pain management) and merits positive consideration on that basis as well.

6. A CON proposal to establish an ambulatory surgical treatment center or to expand existing services of an ambulatory surgical treatment must specify the number of projected surgical operating rooms to be designated for ambulatory surgical services.

The project proposes to staff six operating rooms and two procedure room, for a total of eight surgical rooms, from 2014 through 2019. Then two shelled-in operating rooms built as part of this project will be finished and staffed.

7. A CON proposal to establish an ambulatory surgical treatment center or to expand existing services of an ambulatory surgical treatment center must project patient utilization for each of the first eight quarters following the completion of the proposed project. All assumptions, including the specific methodology by which utilization is projected, must be clearly stated.

The applicant projects in year one, Q1-4,430 procedures and 2,257 cases, Q2-4,546 procedures and 2,183 cases, Q3-5,394 procedures and 2,220 cases, and Q4-4,893 procedures and 2,513 cases. In year two, the applicant projects , Q1-4,749 procedures and 2,419 cases, Q2-4,873 procedures and 2,340 cases, Q3-5,781 procedures and 2,379 cases, and Q4-5,244 procedures and 2,694 cases.

8. A CON proposal to establish an ambulatory surgical treatment center or to expand the existing services of an ambulatory surgical treatment center must project patient origin by percentage and county of residence. All assumptions, including the specific methodology by which utilization is projected, must be clearly stated.

The applicant's projections are based on current patient origin of the practice.